



SafeSourceHemp™

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Business Plan

- Hemp Cultivation
- Processing / Manufacturing
- Distribution / Retail

A HEMP DERIVED CBD OILS & INDUSTRIAL PRODUCTS COMPANY

Safe Source Meds, LLC, a Michigan Limited Liability Company, doing business as SafeSourceHemp, is engaged in the commercial growth, processing and sale of hemp related products in the state of Michigan and beyond.

The company is dedicated to processing high quality, reliable CBD products for human and animal consumption and selling those products on-line and through brick and mortar retail outlets.

We have developed a second tier plan to accommodate the growth and processing of industrial hemp for use in building materials and the automotive market along with other uses such as textiles, paper, food, cosmetics and biodegradable plastic substitutes.

**Prepared for the
Investment Community**

CORPORATE CONTACT

Timothy D. Churchill



Table of Contents

Table of Contents

1 Executive Summary 4

3 Operating Plan 42

Cultivation Methods & Strains	43
Standard Operating Procedures	44
Staffing and Training	47

4 Quality Assurance Plan 52

Packaging & Labelling	53
Record Keeping	56

5 Security Plan 58

Surveillance & Physical Security	59
Security Plan	64
Emergency Procedures	66

6 The Financials 70

Funding Analysis	71
Start-Up Summary	72
Profit & Loss Statement	73
Cash Flow Statement	74
Balance Sheet	75

2 Business Plan 10

Hemp and Its Uses	11
The US Hemp Market	12
Current Situation	14
CBD Market	15
Business Objective	16
Business Description	17
Core Values	18
Executive Team	19
Organizational Structure	20
Main Products	22
Expansion Products	23
25-Acre Crop Location	24
Koraleski Farms & Greenhouses	25
Opportunity Zones	26
In the Monroe County OZ	27
The Wood St Facility	28
The Summerfield Rd Facility	30
Potential Equipment	32
Competitive Evaluation	33
Sales Channels	34
Sales Forecast	35
SWOT Analysis	36
Marketing Plan	37
Marketing Strategy	38
Our Timing	40



Executive Summary

SECTION

01

Executive Summary



SafeSourceHemp will operate under industrial hemp growing and processing licenses in the State of Michigan. The company is dedicated to processing high quality, reliable CBD products for human and animal consumption and will be a leader in the development of environmentally friendly alternative hemp uses.

COMPANY SUMMARY

SafeSourceHemp is a new vertically integrated CBD products supplier and retailer in Monroe, Michigan. We will grow hemp, then extract and refine the crude oil into a highly purified concentrate using a short path distillation process with 75% yields of impute material. The SafeSourceHemp brand will initially be distributed through an eCommerce store serving both wholesale and retail customer needs. Our onsite retail center will offer an unparalleled customer experience. Our two facilities will be located in close proximity to two of the busiest highways in southeastern Michigan - well positioning us for locally based patrons from the townships of Summerfield, Ida, Dundee, Bedford, Whiteford and Northwest Ohio. Our world headquarters will be established in a Monroe County Opportunity Zone (8318), strategically located to serve a national distribution market as we grow and expand our operational footprint.

MAIN GOALS

- Own and operate a state of the art hemp processing, manufacturing and retail outlet in the state of Michigan.
- To produce high-grade CBD products and build a recognizable brand in a rapidly growing industry.
- To locate in an Opportunity Zone in order to maximize investor returns and secure tax advantages.
- To process hemp fibers and core material for use in animal products, building materials, automotive parts, textiles, paper, cosmetics and biodegradable plastic substitutes.
- Capitalize on our co-op of farmers to grow up to 3,000 acres of various strains of industrial hemp and process that hemp on their behalf.
- Insure our success in the industry through diversity, while simultaneously positioning ourselves on the forefront of the increasing demand for hemp products across a variety of market sectors.

MISSION

To become a community sensitive and trusted provider of high quality hemp and hemp related products to a broad group of consumers. We will serve the needs of our customers by growing the highest quality hemp in the region and provide them with reliable and consistent infused products to grow their trust. Initially, we will aspire to provide our customers with access to the highest quality natural healing products available in the industry. As we grow and expand, we will become a trusted source of hemp fibers and core materials for a broad range of industries beyond CBD products. By becoming known for our quality of service and supply chain contacts, farmers throughout the mid-west will seek out SafeSourceHemp to purchase and process their biomass.

MAIN OBJECTIVES

- Year 1:** Secure all appropriate licenses. Raise funding for initial CapEx projects. Build-out a state of the art facility for processing the hemp harvested from our 25 acres of premium, organic soil. Advertise to create a consumer following and sell both online and through our wholesale and retail outlets.
- Year 2:** Incur annual income to support ongoing operational expenses. We anticipate monthly sales and capacity increasing steadily in the second year and all subsequent years. Implement our planned expansion into processing for the building materials, pet products and automotive industries. Secure contracts from farmers to fill pipeline to serve these markets.
- Year 3:** Continue to build on our trusted reputation as a producer of high-grade CBD products for both human and animal consumption. Focus upon expansion of CBD product lines and seek options of selling with other well-established retail centers to gain market share.
- Year 4:** Promote SafeSourceHemp CBD products North America to secure multiple sales channels. Continue to grow customer base for the building materials, pet products and automotive industries while seeking customers for other alternative uses.

PRODUCTS AND SERVICES

By year four, SafeSourceHemp will have the ability to vegetate up to 600,000 plants on 400 acres of prime farmland. Up to 25 acres will be used to produce our premium CBD line that can immediately be labelled as Certified Organic and Non-GMO products. Through Clean Farming practices which are currently in place on our remaining 375 acres, we will be able to promote all 400 acres as Certified Organic by year six.

Our extraction and manufacturing operations will produce biomass in a clean and compliant facility – ensuring that all extracts and infused products to be distributed meet all regulatory requirements and have passed the required laboratory testing. Our online presence will serve as an informational portal highlighting CBD products and the diverse uses of industrial hemp.

MARKET OPPORTUNITIES

Currently, at least 47 countries cultivate hemp for commercial or research purposes. In June 2018, the US Senate passed its 2018 Farm Bill and in December 2018, President Trump signed the bill into law to make hemp legal for the first time since the 1930s. The bill removes hemp from the Controlled Substances Act, effectively legalizing the plant federally and allowing it to be grown, processed, and sold as an agricultural commodity. SafeSourceHemp will be in 100% compliance with the pilot program developed by the State of Michigan.

As outlined in a new report “Global State of Hemp: 2019 Industry Outlook” from New Frontier Data, the global hemp industry reached \$3.7 billion in 2018 and is projected to exceed \$5.7 billion in 2020 with the US hemp market representing 32%. Industrial hemp markets are poised to become a burgeoning market space providing consumer driven products owing to their environmentally friendly qualities.

The US market for CBD products hit \$291 million in 2017 – including both hemp and marijuana-derived sources – while the hemp CBD market has reached an estimated retail value of \$145 million. In 2018, hemp-derived CBD products sales accounted for about \$390 million. Hemp legalization and new methods of CBD oil extraction with a growing number of various CBD infused products available in mainstream markets will lead to an increase in consumer spending on CBD products.

Overall hemp acreage reached 78,176 in 2018 recording a tripling of land under hemp from 25,713 in 2017, with the total number of hemp growing states up to 23 from 19 states, according to the American hemp advocacy group Vote Hemp. The number of acres of hemp licensed in 2019 totaled over 500,000 in 34 states. The total number of hemp licenses increased from 3,546 in 2018 to 16,877 in 2019.

According to the report from New Frontier Data, US sales of hemp products estimated at about \$1 billion in 2018, are projected to grow 27% annually to reach \$2.6 billion by 2022 and about half of this (\$1.3 billion) are expected to come from hemp-derived CBD products.

■ U.S. Total CBD Sales, 2014-2022 (in \$ millions)

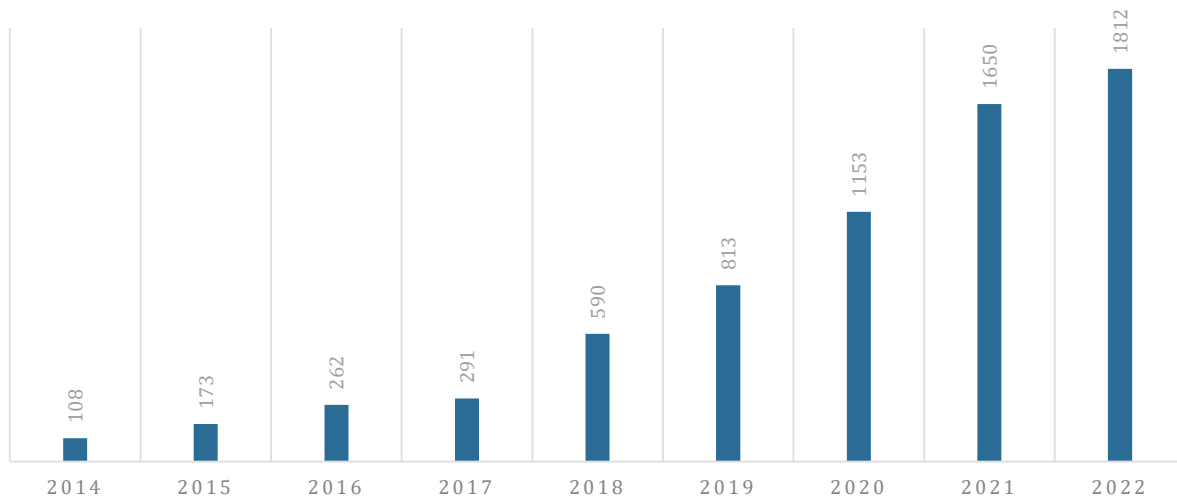


Figure 1 - Total US CBD Sales 2014 - 2022

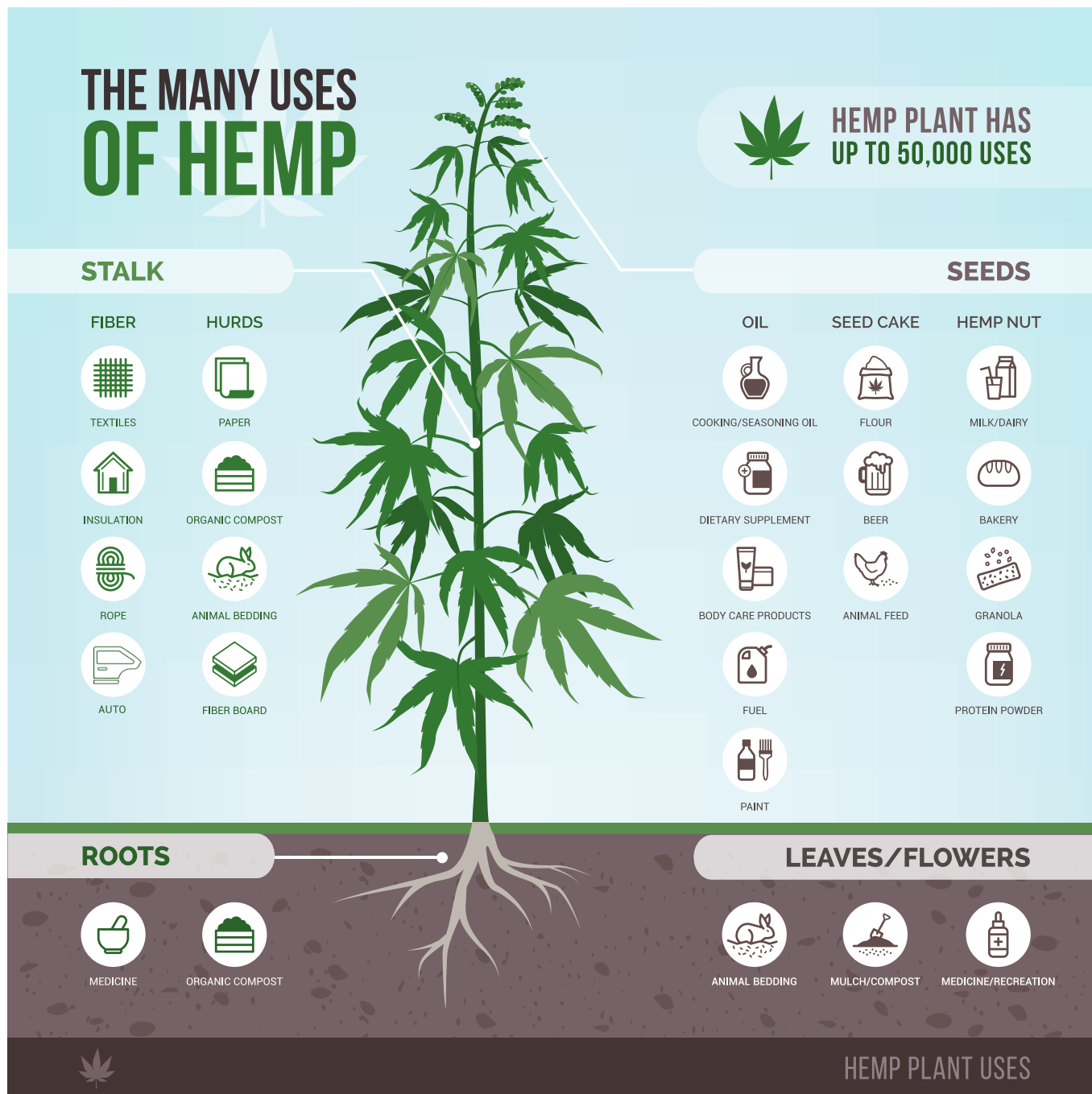


Figure 2 - The Many Uses of Hemp

YEAR ONE START-UP SUMMARY

The business will be fully funded with \$15 million. This will include total capital cost of over \$6.23 million, utilized to purchase land, existing facilities and all necessary build-out for processing, manufacturing and retail.

Table 1 - Start-Up Expenses (\$)	Q1	Q2	Q3	Q4
CAPEX (property & building)				
1300 Wood St Property and Facility (OZ 26115831800)	0	350,000	0	0
6923 Summerfield Rd Property and Facility	0	1,800,000	0	0
Crop Seed Expenditure	40,000	0	0	0
CAPEX (build-out)				
1300 Wood St Build Out (OZ 26115831800)	0	0	500,000	350,000
Decortication Equipment for 1300 Wood St (OZ 26115831800)	0	0	800,000	800,000
Hemp Drying System for 1300 Wood St (OZ 26115831800)	0	0	125,000	125,000
6923 Summerfield Rd Build Out	0	0	255,000	0
Processing Equipment	0	0	212,500	212,500
Lab, Manufacturing, Packing and Storage Equipment	0	0	164,050	164,050
Commercial Kitchen	0	0	55,250	55,250
Alarm & Security System and Monitoring	0	0	71,400	0
Forklift	0	0	25,000	0
CAPEX (retail)				
Space Improvements Including Finishing, Painting, Kitchen, Office Space and Bathrooms	0	50,000	0	0
Security System with Multiple Camera Feeds	0	18,000	0	0
Furniture, Display Counters, Refrigerators, Freezers, Registers, etc.	0	17,000	0	0
Cost for Computer Software (Accounting Software, Payroll Software, CRM Software, Microsoft Office)	0	5,000	0	0
Office Space Renovations and Furniture	0	35,000	0	0
TOTAL	40,000	2,275,000	2,208,200	1,706,800
OPEX				
COGS - Cost of Goods Sold	0	255,832	732,934	905,835
G&A Expenses - Initial & General Costs	15,000	148,100	132,000	132,000
G&A Expenses - Cultivation	15,100	41,700	34,500	34,500
G&A Expenses - Extraction/Manufacturing	0	36,875	36,875	36,875
G&A Expenses - Retail	0	5,550	9,633	10,941
SG&A Expenses - Marketing & Sales Expenses	0	143,886	175,414	188,026
Salaries & Benefits	0	17,198	51,593	65,351
SG&A Expenses - Misc.	941	9,500	8,801	8,801
TOTAL	31,041	658,641	1,181,749	1,382,328
TOTAL	71,041	2,933,641	3,389,949	3,089,128

FINANCIAL SUMMARY

From a total investment of \$15 million, SafeSourceHemp is expected to generate nearly \$23.3 million in gross revenues in Year 2, its first full year of operations. Revenues are expected to grow to over \$41.0 million in Year 3 and \$42.0 million in Year 4, with net income of \$15.0 million and nearly \$16 million respectively.

After the first full year of operations (year two), it is expected that SafeSourceHemp will be able to trim expenses through realizing business efficiencies, gaining operational experience and industry knowledge.

TIME LINE

SafeSourceHemp’s anticipated time line includes the purchase or construction of a 20,000 ft² facility located in a Monroe County, MI Opportunity Zone in Q2 2020 with an initial build-out of administrative offices followed by the manufacturing facility. Cultivation is projected to begin in March with the first harvest occurring in the eighth or ninth month of operations. SafeSourceHemp will begin generating positive Cash Flow in July with the launch of an eCommerce website. Capital from investors will cover all costs incurred during the startup phase, the remainder of year one and throughout year two. SafeSourceHemp will repay the \$15 million investor contribution* over the course of four years subject to all interest and investment provisions defined in the capital lending agreement between the parties. Several necessary steps have already been completed, including property identification in an opportunity zone which is available to place under contract via an executed purchase agreement. Initial architectural renderings, floor plans, and security overlays will be appropriated to the identified structure once sufficient investment capital is secured.

DIRECT & INDIRECT SOCIAL IMPACT

Within two years, SafeSourceHemp will create more than 20 new full time jobs in Monroe County with over \$1.1 million in salaries. Additional seasonal help will be utilized annually for planting and harvesting between the months of March and September. SafeSourceHemp intends to demonstrate a community focused business model by allocating a percentage of it’s gross receipts to the schools and different community programs once profitability and sustainability is demonstrated.

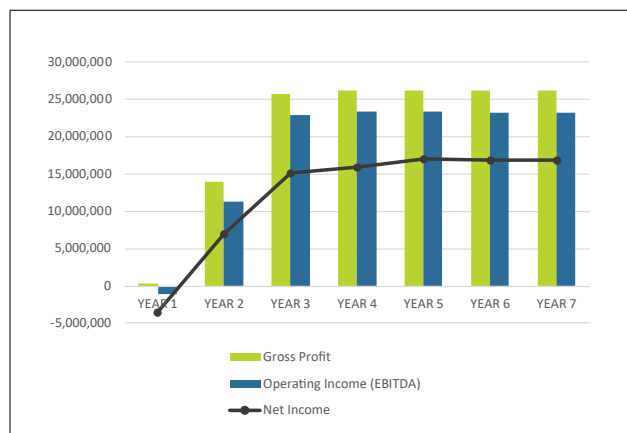


Figure 3 - Revenue and Profit Forecast

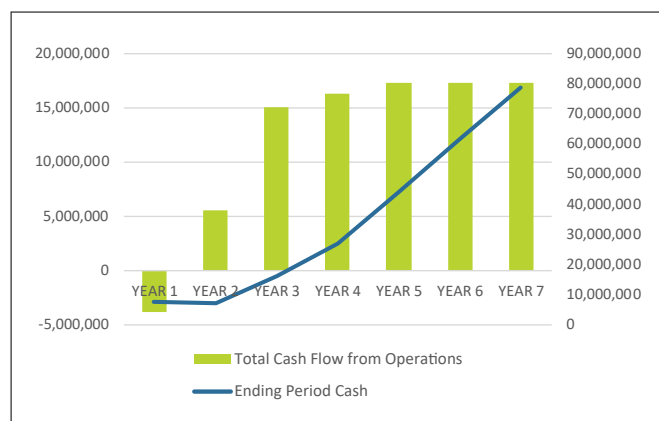


Figure 4 - Cash Flow Forecast

Table 2 - Taxes	Year 1	Year 2	Year 3	Year 4
Federal Tax	0	965,023	4,281,902	4,535,487
State Tax	0	229,767	1,019,501	1,079,878

* Noted repayment structure is based on a traditional loan repayment as detailed in the financial section. A customized term sheet is available for investors looking to take advantage of investing in an opportunity zone.



Business Plan

SECTION
02

Hemp and Its Uses

Hemp's multitude of uses include building materials, foods, personal hygiene, textiles, and nutritional supplements that use CBD, a cannabinoid that can be extracted from the hemp plant.

HEMP FOR CBD PRODUCTS

In Industrial Hemp, the Cannabidiol (CBD) is found on the flower and to a lesser degree in the seeds and stalk. CBD oil is credited with many health benefits. Some identified benefits of CBD are:

- Enhances bone health
- Reduces anxiety
- Reduces inflammation
- Protects the brain from injury and disease
- Reduces blood pressure
- Enhances brain function
- Relieves pain
- Enhances sleep

A recent review from the World Health Organization said that naturally occurring CBD is safe and well tolerated in humans and animals, has no potential for abuse and is not associated with any negative public health effects.

In the US, Industrial Hemp is limited to THC content of less than 0.3%.



Figure 5 - Cashing in on the Hemp Flower

HEMP FOR OTHER USES

Technology is being built and refined for decortication of hemp into the usable fiber. The end goal of decortication is to process the stalk and flower of hemp into the end product.

Over the past decade, the construction industry has continuously evolved toward sustainable solutions and environmentally conscious building. With constant innovation, SafeSourceHemp will look to supply materials geared toward a more sustainable building process, and provide innovative solutions to homeowners, contractors, builders, designers, and architects.



Figure 6 - Hemp in Insulation, Fiberboard and Blocks

And as the automotive and mobility market continuously grows, the increased regulatory and consumer demand for sustainable, environmentally friendly innovations has become a driving force in the market. Natural fibers, with a projected global market value of \$1.8 billion by 2021 in the automotive industry alone, is one of the main paths forward for sustainable innovation in the market.

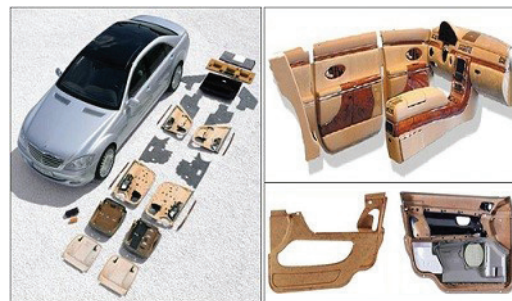


Figure 7 - Hemp in Door Panelling, Seat Fabric and Lining

The US Hemp Market

The Hemp Industries Association (HIA) reported total US retail sales of hemp products of nearly \$700 million in 2016. HIA claims that US hemp retail sales have grown by about 10% to more than 20% annually since 2011.

Mostly, this growth is attributable to sales of hemp-based care products, supplements, and foods. Together, these categories accounted for more than two-thirds of the value of US retail sales in 2016.

Hemp Business Journal has also reviewed sales of clothing, auto parts, building materials and various other products, and estimates the total retail value of hemp products sold in the US in 2017 to be at least \$820 million, including hemp foods (17%); personal care products (22%); textiles (13%); supplements (5%); hemp derived cannabidiol or CBD products (23%), consumer textiles (13%); industrial applications (18%); and other products such as paper and building materials accounted for the remaining 2% of the market.

Hemp imports to the United States – consisting of hemp seeds and fibers often used as inputs for use in further manufacturing – totalled \$67.3 million in 2017, a 57% decrease in seed imports from 2017, and the first half of 2018 puts the import market on pace for a 20% decrease. This descending trend is expected to continue as the US hemp market continues to mature as more states embrace hemp as a viable and highly profitable crop.

In June 2018, the US Senate passed its 2018 Farm Bill and in December 2018, President Trump signed the bill into law to make hemp legal for the first time since the 1930s. The bill removes hemp from the Controlled Substances Act, effectively legalizing the plant federally and allowing it to be grown, processed, and sold as an agricultural commodity. Individual states will be authorized to draft their own regulations governing hemp cultivation.

HEMP OVERVIEW

- The 2018 Farm Bill defines hemp as the plant *Cannabis sativa L.* and any part of the plant with a THC concentration of not more than 0.3 percent by dry weight
- The 2018 Farm Bill removes hemp from the Controlled Substances Act
- The 2018 Farm Bill delegates to states and Indian tribes the broad authority to regulate and limit the production and sale of hemp and hemp products within their borders. States and Indian tribes cannot, however, limit the transportation or shipment of hemp and hemp products through their respective jurisdictions
- CBD products produced from industrial hemp are no longer considered Schedule I substances, CBD products that are derived from hemp plants that do not possess more than 0.3% THC are federally legal

Overall hemp acreage reached 78,176 in 2018 recording a tripling of land under hemp from 25,713 in 2017, with the total number of hemp growing states up to 23 from 19 states, according to the American hemp advocacy group Vote Hemp. The number of acres of hemp licensed in 2019 totalled over 500,000 in 34 states. The total number of hemp licenses increased from 3,546 in 2018 to 16,877 in 2019¹.

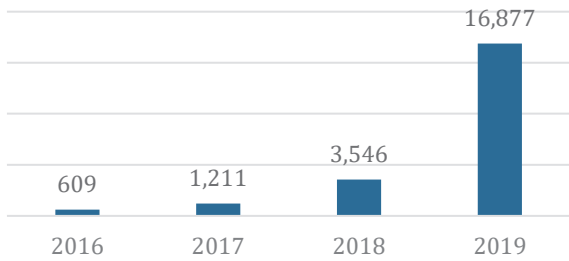


Figure 8 - Number of Licensed Hemp Producers

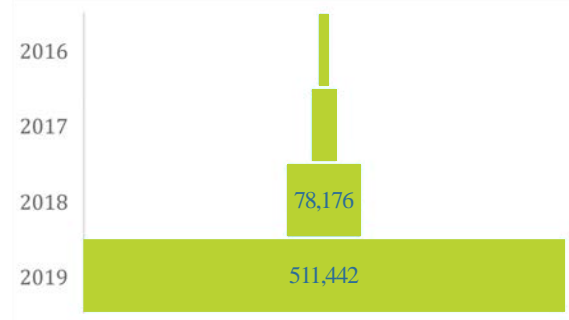


Figure 9 - Acres Licensed for Hemp Cultivation

According to the Global State of Hemp Report, the hemp industry is expected to grow with a combined annual growth rate (CAGR) of 18.4% from 2018-2022 to become a \$2.5 billion industry. After the adoption of the 2018 Farm Bill, CBD producers, in particular, will have much greater incentive to use hemp as their main source for CBD.

The US market for CBD products hit \$367 million in 2017 – including both hemp and marijuana-derived sources – while the hemp CBD market has reached an estimated retail value of \$190 million. In 2018, hemp-derived CBD products sales accounted for about \$390 million.

Hemp legalization and new methods of CBD oil extraction with a growing number of various CBD infused products available in mainstream markets will lead to an increase in consumer spending on CBD products. New Frontier Data estimates hemp-derived CBD market to reach \$1.3 billion in 2022, representing a 27.2% 5-year CAGR.

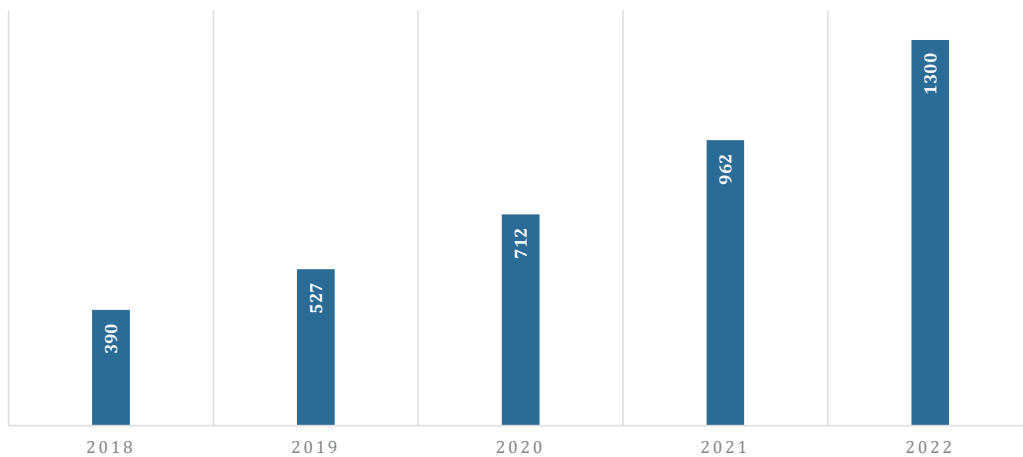


Figure 10 - US CBD Sales Forecasts, \$ Millions

¹ <https://www.votehemp.com/update/vote-hemp-releases-2019-u-s-hemp-grower-license-report-documenting-planned-hemp-cultivation-in-the-u-s/>

Current Situation

At present, at least 47 countries cultivate hemp for commercial or research purposes. The largest producers of hemp are currently Canada, China, Chile and France whereas the USA is the largest importer of hemp products, receiving most of its seed and fiber from Canada and China.

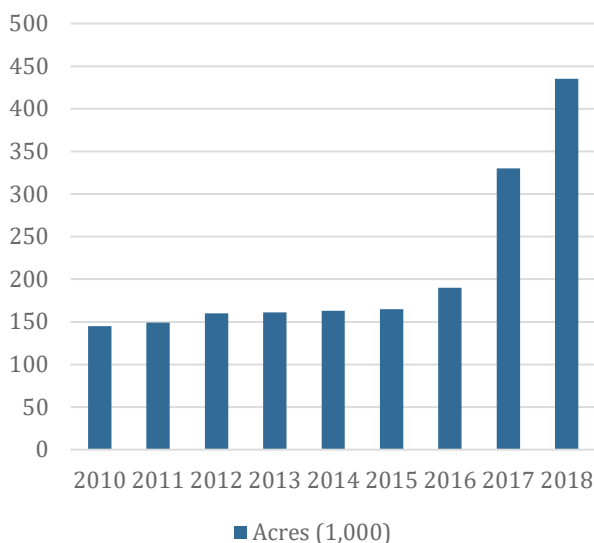


Figure 11 - Hemp Fiber and Seed, Global Acreege (2000-2018)

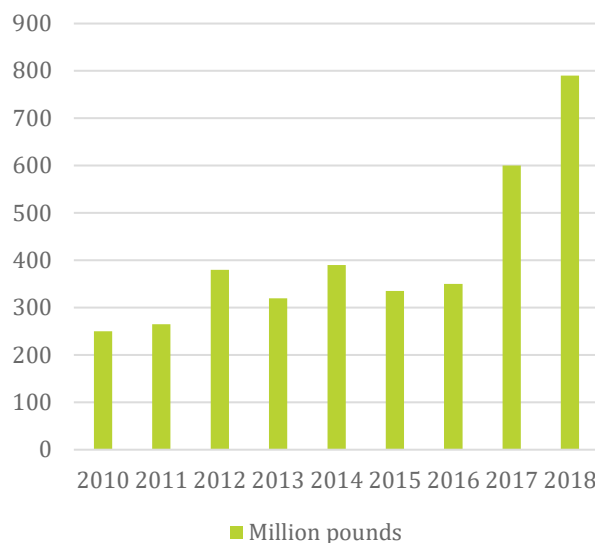


Figure 12 - Hemp Fiber and Seed, Global Production (2000-2018)

Hemp acreage in North America and the European Union countries reached record levels in 2018, nearly 220,000 acres and about 100,000 acres respectively, which could put global acreage at more than 400,000 acres.

The EU has an active 100,000-acreage hemp market, with production in most member nations. Production is centered in France, the Netherlands, Lithuania, and Romania. Many EU countries lifted their bans on hemp production in the 1990s and, until recently, also subsidized the production of “flax and hemp” under the EU’s Common Agricultural Policy. Most EU production is of hurds, seeds, fibers and pharmaceuticals.

China is another major producer, mostly of hemp textiles and related products, as well as a major supplier to the

United States. In 2017, China’s hemp was grown on about 114,000 acres. FAO data also report hemp production in Chile, China, Iran, Japan, South and North Korea, Pakistan, Russia, Syria, and Turkey. Other countries with active hemp grower and/or consumer markets are New Zealand, India, Egypt, South Africa, Thailand, Malawi, and Uruguay².

According to a new report “Global State Of Hemp: 2019 Industry Outlook” from New Frontier Data, the global hemp industry reached \$3.7 billion in 2018 and is projected to exceed \$5.7 billion in 2020 with the US hemp market representing 32% (\$1.82 billion).

² <https://fas.org/sgp/crs/misc/RL32725.pdf>

CBD Market

Cannabidiol (CBD) is one of the numerous compounds found in the cannabis plant. CBD oil can be obtained from two different species of cannabinoids: marijuana and hemp, which come from the same plant species called Cannabis sativa.

Hemp-based CBD oil products have a lower delta-9 tetrahydrocannabinol (THC) concentration, while marijuana-derived CBD oil products have a relatively high concentration of THC. Therefore, marijuana-based CBD products can be used only when they are prescribed by doctors while hemp-based CBD oils do not normally require a prescription.

Over the years, the demand for CBD oil has increased in different parts of the world because of the growing awareness about the health benefits of CBD oil.

The latest trend in the CBD market is growing influence of online retailing. The increasing popularity of e-commerce businesses worldwide has granted vendors with an opportunity to enhance their profit margins and revenues. Online and e-commerce channels support both business-to-consumer (B2C) and business-to-business (B2B) operations.

The global legal market for CBD is forecasted to be worth more than \$20 billion by 2022, according to research firm Brightfield Group³. Technavio’s market analysts estimate that the market will grow to \$2.7 billion by 2022 with an estimated CAGR of more than 31 % (2018-2022)⁴. The North American market dominates the global CBD oil market followed by EMEA and APAC.

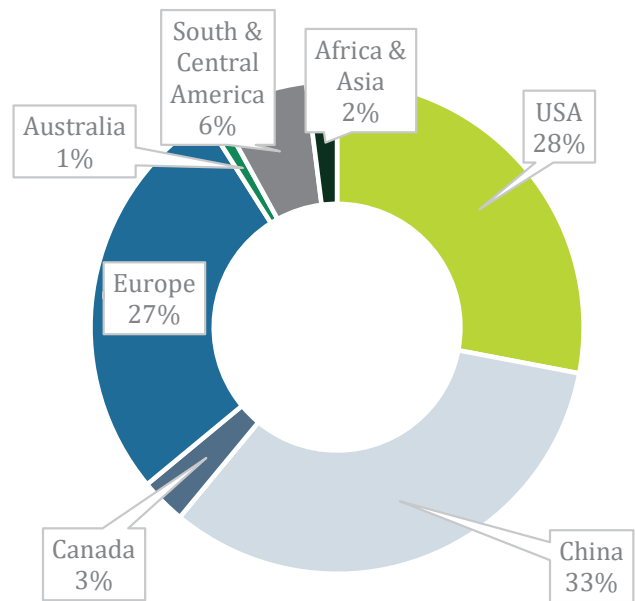


Figure 13 - Hemp-based product sales, 2018

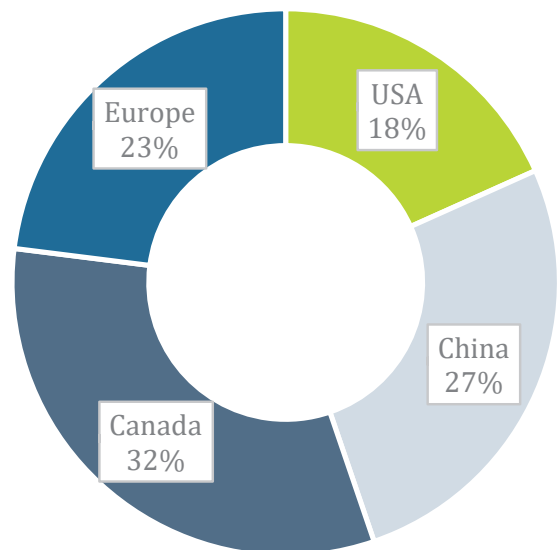


Figure 14 - Hemp cultivation leaders, %

³ <https://www.brightfieldgroup.com/products>

⁴ <https://www.technavio.com/report/global-cbd-oil-market-analysis-share-2018>

Business Objective



SafeSourceHemp will utilize its industrial hemp growing and processing licenses in Monroe, Michigan.

The company is dedicated to processing high quality, reliable CBD products for human and animal consumption and will be a leader in the development of environmentally friendly alternative hemp uses.

SafeSourceHemp was incorporated in 2018 and is the collaboration of five professionals from diverse and unique industry specific backgrounds that have combined their knowledge and insight to make an undervalued product more accessible to a diverse population. As acceptance continues to grow for this natural product that brings relief and sustainable options to millions of people around the world, SafeSourceHemp will be at the forefront of providing products that are safe, effective and affordable.

OBJECTIVE

To become the industry leader by developing one of the most innovative vertically integrated industrial hemp companies that grows, processes and sells products to customers locally in the State of Michigan and across the continental United States.

VISION

The property in the Monroe County Opportunity Zone will be the first of its kind in southeastern Michigan. When fully developed, our corporate landscape will include multiple facilities dedicated to the processing of industrial hemp for numerous alternative uses. Initially, the company will focus on its CBD product lines for human and animal consumption, but will quickly move into facilitating the growth of the supply chain servicing the building materials and automotive industries. Expansion into other uses of hemp fiber for textiles, paper, fuel, pet products, etc. will occur as opportunities and capital come available.

MISSION

To become a community sensitive and trusted provider of high quality hemp and hemp related products to a broad group of consumers. We will serve the needs of our customers by growing the highest quality hemp in the region and provide them with reliable and consistent infused products to grow their trust. Initially, we will aspire to provide our customers with access to the highest quality natural healing products available in the industry. As we grow and expand, we will become a trusted source of hemp fibers and core materials for a broad range of industries beyond CBD products. By becoming known for our quality of service and supply chain contacts, farmers throughout the midwest will seek out SafeSourceHemp to purchase and process their biomass.

Business Description

SafeSourceHemp currently has access to 400 acres of farmland in southeastern Michigan. Over the next five years as we reach capacity, we will have the ability to annually vegetate up to 600,000 plants of industrial hemp that will be incorporated into our line of CBD products.



SafeSourceHemp is dedicated to producing a wide range of CBD concentrates and infused products to serve the needs of our target customers. Hemp grown on our first 25 acres can be labelled as Certified Organic and Non-GMO and sold at a premium.

The SafeSourceHemp brand of CBD products will be distributed through both a wholesale distribution chain and a retail center that will offer an unparalleled customer experience. Our two facilities will be located in close proximity to two of the busiest highways in southeastern Michigan - well positioning us for locally based patrons from the townships of Summerfield, Ida,

Dundee, Whiteford, Bedford and Northwest Ohio. Our world headquarters will be established in a Monroe County Opportunity Zone, strategically located to serve a national distribution market as we grow and expand our operational footprint.

SafeSourceHemp will, likewise, have a robust eCommerce presence serving not only the local community, but also the continental United States and world markets.

As our CBD products gain market traction and sales revenues expand, SafeSourceHemp will capitalize upon the opportunities in the building materials and automotive markets. Our expansion will allow us to strategically capitalize on the parts of the hemp plant that are used to make products in these industries. Often this left over biomass is seen as "garbage" and is destroyed or left to rot in the fields. Our desire at SafeSourceHemp is to process this plant biomass into raw material that will be utilized in creating safe, sustainable and environmentally friendly products for personal and industrial consumption.

TARGET CUSTOMERS

The success of any business can be tied directly to the customers that purchase the products or services. SafeSourceHemp will ensure that all our customers are provided with exemplary treatment and service when they visit our wholesale, e-commerce based platform or retail outlet. We will have CRM software that will enable us to manage a one-on-one relationship with our clients no matter how large our customer base becomes. We will ensure that we involve patrons in their own health decisions and assist them with making the right choices for their unique personal needs. We will also develop CBD products for animals and target their owners in our advertising campaigns.

As previously mentioned, we intend to be a market sector leader in the building materials, pet products and automotive industries and will target Fortune 500 manufacturers of these products to offer them safe and environmentally friendly alternatives to wood, fiberglass, paper and plastics.



Core Values

Just like you - we have values that we're unwilling to compromise upon. Here are our top five.

These five values provide the cornerstone principles upon which this company was founded. We will remain focused upon each one as we build this company over the next year and beyond. We will ensure that our employees, products and services are bound to these values so that our customers receive the utmost care and attention.



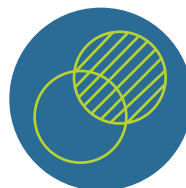
KNOWLEDGE

While hemp has been around for ages, it has not always been well received. Our experienced staff will welcome the opportunity to share their expertise and knowledge with each and every customer - whether out in the community, in our retail shop or online.



INNOVATION

SafeSourceHemp will always be focused upon ways to expand without compromising the cornerstone values our company will be founded upon. Our business will always be on the cutting edge of product design and customer service innovations to set the highest bar possible for the industry.



TRANSPARENCY

We take great pride in our openness with the community and governing bodies; our state-of-the-art facility will be designed to exceed local, state and federal regulations and our customer relationship marketing (CRM) platform will exceed best practices for measuring the process of tracking CBD product sales.



INTEGRITY

Our customer's health and well-being is not to be taken lightly. We stand behind the production and quality of all our products, holding ourselves to the highest standards. Our associates will be versed in all aspects of growing, processing and selling the best CBD and hemp based products on the market.



SOPHISTICATION

Every aspect of our business from the colors in our logo, our organic growth process and how we greet our visitors has been carefully measured and considered. We are proud of the trust bestowed upon us by the community and will always strive to maintain the highest standards and safeguard our trusted reputation.

Executive Team

SafeSourceHemp's most valued asset is its team. Team members from diverse academic and professional backgrounds provide us with a wide range of experience upon which to build its vertically integrated industrial hemp company.



Timothy D. Churchill

A 1977 University of Michigan graduate with a Juris Doctor degree in 1984 from the Thomas M. Cooley Law School, Tim is now a Senior Partner in the Temperance, MI law firm of Churchill, Smith, Rice, Swinkey & Kuhn. He is a member of the

Michigan State, Monroe County, Toledo and American Bar Associations and practices a broad range of legal services including but not limited to: business development, criminal law, family law, divorce, custody, real estate, commercial financing, bankruptcy, probate law and US tax court.



Keri W. Samiec, MBA

A veteran business and marketing strategist, Keri brings over 23 years of strategic consultation for Fortune 500 companies in CPG, building materials, automotive and capital goods to SafeSourceHemp. He is an expert in

both traditional and digital marketing and is a graduate of The University of Toledo - having obtained his BBA in 1997 and MBA in 2003. Currently Keri is in his third year of studies at the University of Florida pursuing an advanced degree in Urban Design and Planning.



Darren Koraleski

A fourth generation farmer, Darren has over 30 years agronomy experience. His working knowledge of plant propagation, crop production, organic and integrated pest management, chemical application and general horticultural management

is unmatched in the industry. Darren is a managing partner of Koraleski Farms and Greenhouse and was the designer of their Retail Design Center which opened in 1994 and is still operating today.



Zubin J. Mistry, Ph.D.

Dr. Mistry is a licensed Clinical Psychologist in the states of Michigan, Ohio and New York. He has over 30 years of experience in Clinical, Forensic and Organizational Psychology. He is a published author and speaker on the

psycho-neurological impact of digital technology on the human brain. At the turn of the century, he launched a cutting edge wellness initiative, designing programs to improve human productivity and promote alternative healing modalities. He is a graduate of Michigan State University (BS), Eastern Michigan University (MS) and The Union Institute and University of Cincinnati (Ph.D.).

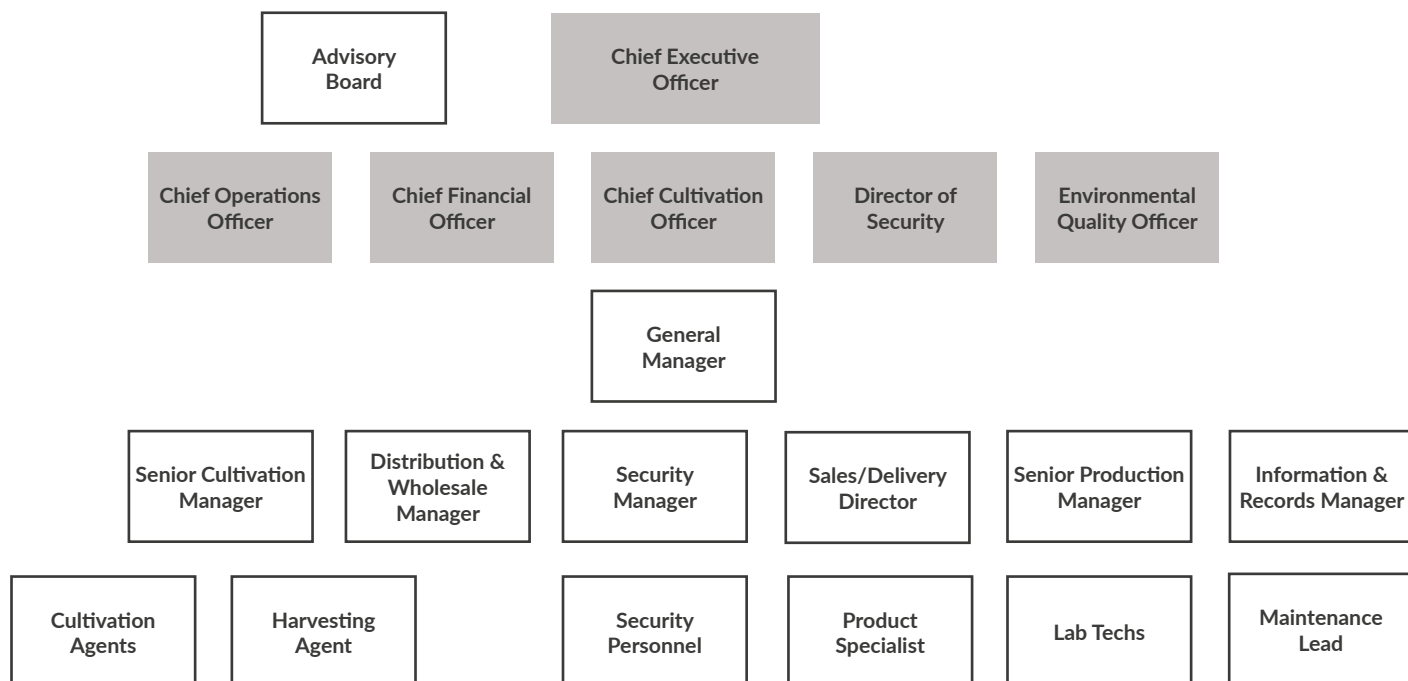


Joseph Lambert

Joe is a 30+ year veteran in law enforcement. He received his license through the Michigan State Police academy and has served on the FBI and DEA drug and gang task enforcement and the Monroe County drug enforcement team in narcotics.

During his career, some areas of assignment include field training officer, road patrol deputy, traffic & safety division, detective bureau, dive team, DART team and the motorcycle unit. Joe also has 10+ years with the Bedford Township Fire Department and received his State Fire Fighters license 1&2.

Organizational Structure



Executive Team

Chief Executive Officer (CEO)

The CEO's overall role is to cultivate and lead SafeSourceHemp's culture, vision, and strategy by building the executive and management teams, forming external partnerships, allocating capital, and delegating internal roles.

Chief Operations Officer (COO)

Along with the CEO, the COO defines the overall vision, but goes one step further in applying that vision to SafeSourceHemp's operations, supporting managers and employees as they work through the "how." The COO also ensures both external compliance with applicable state, local, and federal laws and regulations, including reporting requirements, as well as internal compliance with SafeSourceHemp policies.

Chief Financial Officer (CFO)

The CFO assures all legal and regulatory documents are filed and monitors compliance with laws and regulations. The CFO will identify and address financial risks and opportunities for the company along with supervising financial reporting and budgeting for the team. On a regular basis (s)he will review financial reports for ways to reduce costs.

Chief Cultivation Officer (CCO)

The Chief Cultivation Officer is responsible for ensuring fields and cultivation practices are developed and implemented for efficient production of industrial hemp. Initial responsibilities will include contributing to industrial hemp agronomy, including facilities for seed propagation, planting and harvesting. Responsible for production and scheduling of all team cultivation duties, including planning from propagation to harvest.

Environmental Quality Officer (EQO)

This individual will have responsibility for directing and managing all areas of manufacturing, strategic planning, quality standards, regulatory compliance, and SOPs and KPIs across the SafeSourceHemp facility. The ideal candidate will have exceptional leadership, communication, analytical, and organizational skills and will work very closely with the Chief Cultivation Officer and General Manager.

Director of Security

Responsible for ensuring the safety, security, and protection of SafeSourceHemp personnel and company assets within the corporate, retail, and distribution warehouse environment. This position will effectively design, lead, manage and support the security and safety program involving all people, assets and the local community.

Managers

General Manager (GM)

The GM oversees, manages and is responsible for all facets of the hemp cultivation fields and processing facility. This individual manages internal resources to maximize safety, compliance, efficiency, productivity and culture. (S)He will also own all aspects of employee personnel and talent management in partnership with the HR as it relates to hiring, staffing, training, development and education of the entire team.

Senior Cultivation Manager

This individual will oversee all aspects of plant cultivation, from propagation through harvest and distribution. The Sr. Cultivation Manager directs all grow labor, manages daily plant care and troubleshoots biological issues before they become a problem. The Sr. Cultivation Manager is responsible for perpetuating advanced grow strategies and methodologies, maintaining plant health, yield optimization planning, waste prevention, and finding new ways to vertically integrate the facility's energy use by developing new processes and procedures. (S)He will make sure all the seedlings in the facility are receiving the appropriate level of attention through all stages of growth to harvest.

Information & Records Manager

Will play a pivotal role in supporting our entire organization from a technological standpoint. Responsible for developing, scaling, managing and maintaining the corporate infrastructure; which includes internal and external office networks, all corporate IT equipment, and cloud assets - including the CRM.

Security Manager

Responsible for professional security protection, safety and security of assets, property, personnel, customers and all visitors. Will oversee the safeguarding of SafeSourceHemp and the surrounding property.

Distribution and Wholesale Manager

The wholesale manager oversees the sales team and develops strategies to contribute to the growth and profitability of the company. They will deal with a range of tasks, including working with company managers to find ways to build sales, control expenses, and evaluate staff performance.

Sales / Delivery Director

This person will be responsible for overseeing daily operations of the retail shop, handling the needs of all customers and hiring and developing Product Specialists who are passionate about CBD products and compliant with state and local rules and

regulations. Will also be responsible along with the Information & Records Manager for sound record keeping and ongoing customer communications to ensure repeat business.

Senior Production Manager

Will be responsible for SafeSourceHemp's processing (extraction) operations. (S)He will be responsible for overseeing product quality and safety, efficiency, production scheduling, packaging, and product standards for extraction and manufacturing of infused products.

Support Team

Harvesting Agents

This position is responsible for harvesting plant biomass, breaking down plants, drying products in preparation for processing. Will also participate in packaging plant material and infused products. This person will also have some responsibility for tracking product electronically in the CRM system to ensure compliance with state laws and licensing regulations.

Lab Techs

Assist the production team with the activities and operations required to complete the functions of the department. This position is responsible for assisting with lab production, which includes but is not limited to distillation, extraction, winterization, production of CBD infused products, testing, compliance requirements and workplace safety.

Product Specialist

The ideal Product Specialists will be friendly, knowledgeable and upbeat. They will help customers make the right choices by knowing how different methods of CBD consumption affect our patrons differently and suggest dosage starting points and upward titration for inexperienced customers.

BRINGING JOBS TO MONROE CTY.

Within two years, SafeSourceHemp will create more than 20 new full time jobs in Monroe County with over \$1.1 million in salaries. Additional seasonal help will be utilized annually for planting and harvesting between the months of March and September. SafeSourceHemp intends to demonstrate a community focused business model by allocating a percentage of it's gross receipts to the schools and different community programs once profitability and sustainability is demonstrated.

Main Products



OIL-BASED CAPSULES

CBD capsules are simply a pill-form of CBD extract that is swallowed like any other supplement. These capsules come in either softgels or in a two-piece capsule. There are a couple main types of capsules - a liquid-containing oil-based capsule and a powder-containing capsule.



OIL-BASED TINCTURES

Often referred to simply as CBD oil, a tincture is an oil-carried form of CBD that is consumed sublingually by placing it under the tongue. This liquid product that usually comes in a small bottle with a dropper. The liquid inside is comprised of several components:

- CBD Extract or CBD Isolate Base
 - A Carrier Oil
- Optional Additives (Sweeteners, Flavors, Terpenes & More)



TOPICALS & BALMS

Ingesting or inhaling CBD isn't the only way to enjoy the effects of the benefit-providing cannabinoid. There are endocannabinoid receptors in the brain, throughout the nervous system, and in the skin. Skin-based receptors mean that applying topicals directly to a sore or irritated area can provide localized relief.

To ensure a consistent supply of CBD products are available to be sold through our retail outlet and online, SafeSourceHemp will initially offer a private labelled product procured from another wholesaler. These products will either be offered under the SafeSourceHemp brand or positioned as a completely different product offering.

Expansion Products

While developing the CBD product offering, SafeSourceHemp will be simultaneously building its secondary division - the processing and conversion of hemp fibers for use in other industries. Outlined below are the three key markets of animal products, building materials and automotive parts where we will begin to immediately seek out customers and contracts.



ANIMAL PRODUCTS

Industrial hemp can provide a low cost and super-absorbent material for animal care. Along with its antibacterial and anti-fungal properties, hemp bedding and litters don't contain some of the problematic phenols that may be present in other plant-based products.



HOME INSULATION

Insulation made from industrial hemp fibres comes in a variety of forms, including batts, rolls and solid panels. As in other building applications, hemp insulation doesn't rot, helps to control moisture and is pest resistant - and is recyclable.



PARTICLEBOARD

Particleboard based on hemp mixed with other fibers such as flax is lighter, stronger and more moisture resistant than its conventional counterpart. While conventional particleboard is often made from wood waste, supply issues have seen trees felled specifically for chipboard materials.



AUTOMOTIVE PARTS

Metal, plastic, fabric, even lubricants and fuel can be made out of hemp. Carbon fiber panels, popular on sports cars and as after-market performance upgrades, can be replaced by interwoven hemp fabric and epoxy. Hemp plastics are strong, durable and lighter than steel or aluminum.

25-Acre Crop Location

The area outlined below represents the 25 acres of land where the hemp for our premium line of CBD products will be grown. SafeSourceHemp will lease the property, upon which multiple strains of hemp will be grown each year, from Darren Koraleski, a senior partner of SafeSourceHemp.



Figure 15 - Property Outline for Initial 25 acres



Figure 16 - Sanitized Greenhouse Ready for Seeding

The Property

- Located at 17552 Ida Center Road, Petersburg, MI 49270
- Property Owner: Darren Koraleski
- Property Type: Residential and Agricultural
- Lot Size: 45 acres
- Farmable Acreage: ~25 acres
- Two 4,500 ft² fully functional climate controlled greenhouses
- Estimated lease cost is budgeted for \$350/acre per month when in use

The property at 17552 Ida Center Road has been in the Koraleski family since 1978. Darren first put money down on the property at the surprisingly early age of 10 years old and 40 years later now calls it home.

The acreage that will be planted sits a half mile back off Ida Center Road - offering privacy, safety and security by visually isolating the crop.

All CBD products produced from this land will receive the labels of Non-GMO and Certified Organic - two designations health conscious and boutique buyers appreciate and pay a premium to obtain.

Positioned for Growth

SafeSourceHemp will have no problem scaling over the next five years. With 380 acres of land available for lease and seven acres of greenhouse space, Koraleski Farm and Greenhouses offer SafeSourceHemp the opportunity to grow quickly.

SafeSourceHemp can ultimately lease the remaining 380 acres of Koraleski Farm & Greenhouse property for a total of 400 acres devoted to CBD production. The Koraleski Farm & Greenhouse business is primarily focused on growing flowers and vegetables indoors, leaving the outdoor property available as SafeSourceHemp requires it for expansion. The current schedule for utilizing the land is as follows:

- Year 1: 25 acres (Original plot at 17552 Ida Center Road)
- Year 2: 50 acres (Original plot + 30 acres of Koraleski Farm property)
- Year 3: 100 acres (Original plot + 80 acres of Koraleski Farm property)
- Year 4: 200 acres (Original plot + 180 acres of Koraleski Farm property)
- Year 5: 400 acres (Original plot + the remaining 380 acres of Koraleski Farm property)



At any given time, this schedule can be accelerated. For the sake of this business plan, the above schedule is used and the lease rate per acre is estimated at \$350/acre per month in use. The Koraleski family is also a member of a local co-op of farmers who own up to 3,000 acres of farm land within this region of south eastern Michigan. SafeSourceHemp will be positioned to scale the business for production of raw material for products other than CBD through the utilization of this land as necessary.

History of Koraleski Farms & Greenhouse

- Established in 1938 by Ferdinand "Doc" Koraleski
- Family owned and operated for over 80 years
- Specialize in over 2,000 varieties of flowers and vegetable transplants

The Property

- Located at 19201 LuLu Road, Petersburg, MI 49270
- Property Type: Commercial and Agricultural
- Lot Size: 400 acres
- Farmable Acreage: ~380 acres
- Seven acres of fully functional climate controlled greenhouses
- Estimated lease cost is budgeted for \$350/acre per month in use



Figure 17 - Aerial photograph of Koraleski Farms & Greenhouses

Opportunity Zones

The concept of Opportunity Zones was created in the 2017 U.S. Tax Cuts and Jobs Act. Opportunity Zones are designed to increase the amount of patient (long-term) capital investments in low-income communities around the country that have been cut off from capital and have experienced a lack of business growth.

There are three types of tax incentives that relate to the treatment of capital gains. Each incentive is tied to the longevity of an investor’s stake in a qualified Opportunity Fund. The greatest incentives are reserved for investments held for 10 years or more.

SafeSourceHemp has chosen to invest in an opportunity zone (OZ) in Southeastern Michigan for the inherent benefits to our

company and for those that choose to invest with us.

Shown below are the closest opportunity zones within Monroe and Lenawee counties. With our farm properties located in Petersburg, MI, the cities of Adrian and Monroe are the closest municipalities that could accommodate our needs.

Upon closer research, the two Monroe County OZs shown below in Figures 19 & 20 offer us the greatest opportunity.



Figure 18 - SE Michigan OZs

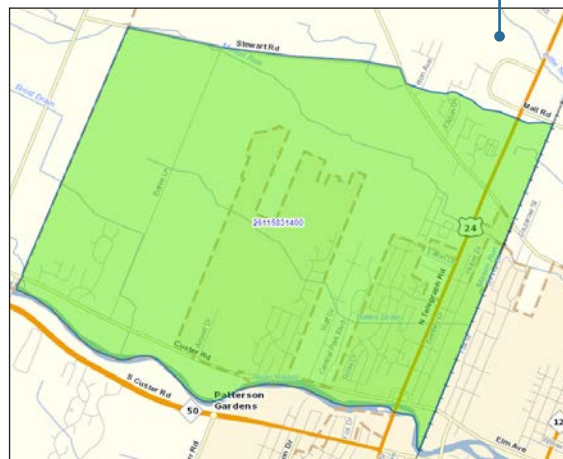


Figure 19 - Census Tract 26115831400 (Monroe Cty.)



Figure 20 - Census Tract 26115831800 (Monroe Cty.)

In the Monroe County OZ

SafeSourceHemp has identified several sites and a property at 1300 Wood Street, Monroe, MI 48161 that could serve as our world headquarters and main facility. It is located in Census Tract 26115831800. It is over 26,000 ft² of manufacturing and administrative office space.



Figure 21 - Aerial Photo of 1300 Wood St.



Figure 22 - Current Photo of Office Space

The Property

- Property Type: Industrial
- Lot Size: 5.5 acres
- Total Size: 26,080 ft²
- Office Space: 3,500 ft²
- Plant Space: 22,580 ft²
- Amenities: 3 phase 400 amp electric, four (4) large overhead doors, fenced lot, one (1) mile from I-75

The property at 1300 Wood St. is ideal for the processing of biomass into by-product that will serve as the bases raw material for a multitude of other products. With 42' tall ceilings throughout the plant and a clearance of 28', it will allow for deliveries via tractor trailers, storage of industrial hemp biomass, large machinery and the easy transport of said raw materials throughout the facility.

The 3,500 ft² office space will also allow SafeSourceHemp to house a number of employees and staff - bringing jobs to the opportunity zone - and Monroe County as a whole.



Figure 23 - The Wood St. Property Within Opportunity Zone 8318

The Wood St Facility

This site, along with many others in the opportunity zone, has been identified as a possible location that can be easily put under contract by SafeSourceHemp. The renderings on these two pages are meant to be inspirational in nature and should not be considered final drawings. They illustrate the ideal operational layout commensurate with our business model.



Figure 24 - Primary Entrance

This rendering shows a number of exterior improvements. The roof and siding will be painted green and tan respectively. The building will be well branded with a large SafeSourceHemp logo to welcome visitors. Improvements will be made to the office space including centering the main entrance, installing new windows and painting the structure. A new lot for staff and visitors will be created and made ADA compliant with handicap parking and an accessible building. Landscaping and a gated entryway will beautify and protect the property from intrusion.



Figure 25 - The Back Lot, Three Bay Entrances & Loading Dock

Concrete installed in the front of the property will extend to the back and surround the entire facility. Additional parking for staff will exist along the back of the building. The lot will be large enough to accommodate full size tractor trailers that will not only deliver bales of industrial hemp, but will also back into the newly integrated loading dock for the removal and transportation of raw materials to our customers. The entrance to the warehouse on the left will allow for semis and other delivery vehicles to pull through, drop their load and exit on the north side of the property as illustrated below.

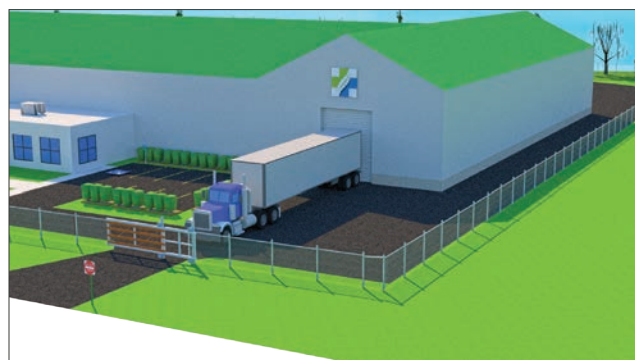


Figure 26 - Exiting the Drop Off Warehouse

Upon entering the back of the facility, trucks and trailers with their payload will be able to drop their biomass in the west warehouse and exit to the north. With concrete surrounding the facility, smaller vehicles will be able to travel along the west side of the building to reach the exit. Also shown in this rendering is a secondary parking lot available for staff and visitors - also ADA compliant.

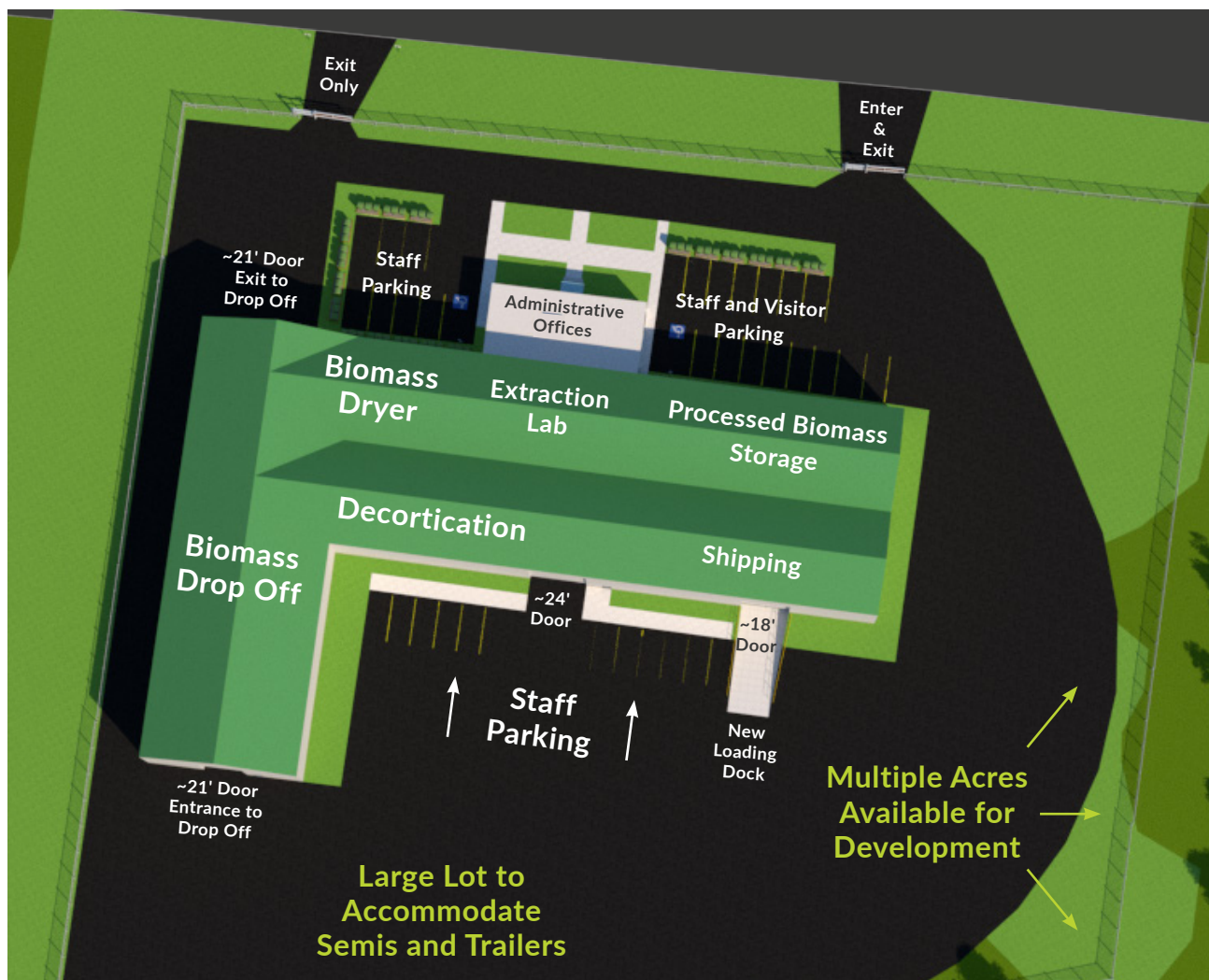


Figure 27 - Property & Facility Schematic



Figure 28 - Before & After Offices



Figure 29 - Before & After Warehouse



Figure 30 - Before & After Back Lot

The Summerfield Rd Facility

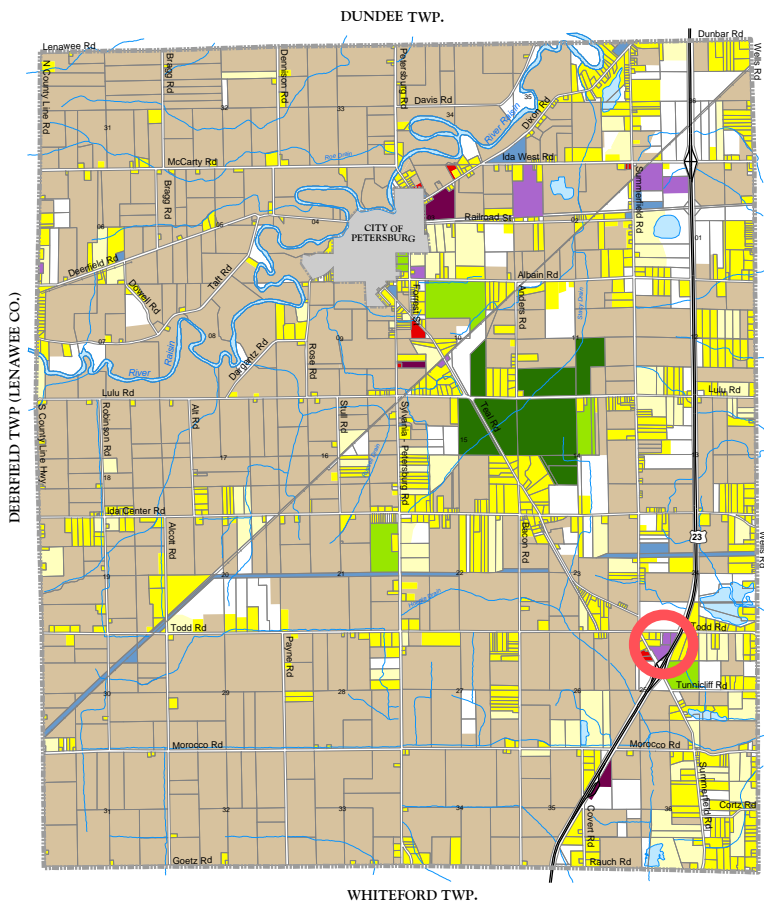
A purchase option has been secured for the 13,250 ft² facility located at 6923 Summerfield Road. While the site is currently occupied, it has been deemed a favorable location for this operation in Monroe County due to its position on US 23 - a major North/South thoroughfare in Michigan.



The Property

- Currently Coil Line Installations Manufacturing
- Property Type: Industrial
- Lot Size: ~10 acres
- Building Size: 13,250 ft²
- Showroom: 4,000 ft²
- Warehouse: 9,250 ft²
- Amenities: 3 phase 400 amp electric and two (2) 12' overhead doors

Figure 31 - Facility Rendering



The subject location is one of its most important attributes. It would be the site of the first CBD products facility when crossing the Ohio border into Michigan and is approximately eight (8) miles from the Ohio border on US 23, which is the main expressway traversing Michigan from south to north.

The subject location is located eight miles south of Cabela's in Dundee, Michigan which is Michigan's largest tourist attraction drawing 6.1 million visitors annually.

In addition to this, the property has 1,000 square feet frontage on US 23 with traffic counts in each direction of 37,500 cars per day and allows for significant visibility and signage opportunities.

Figure 32 - Property Location

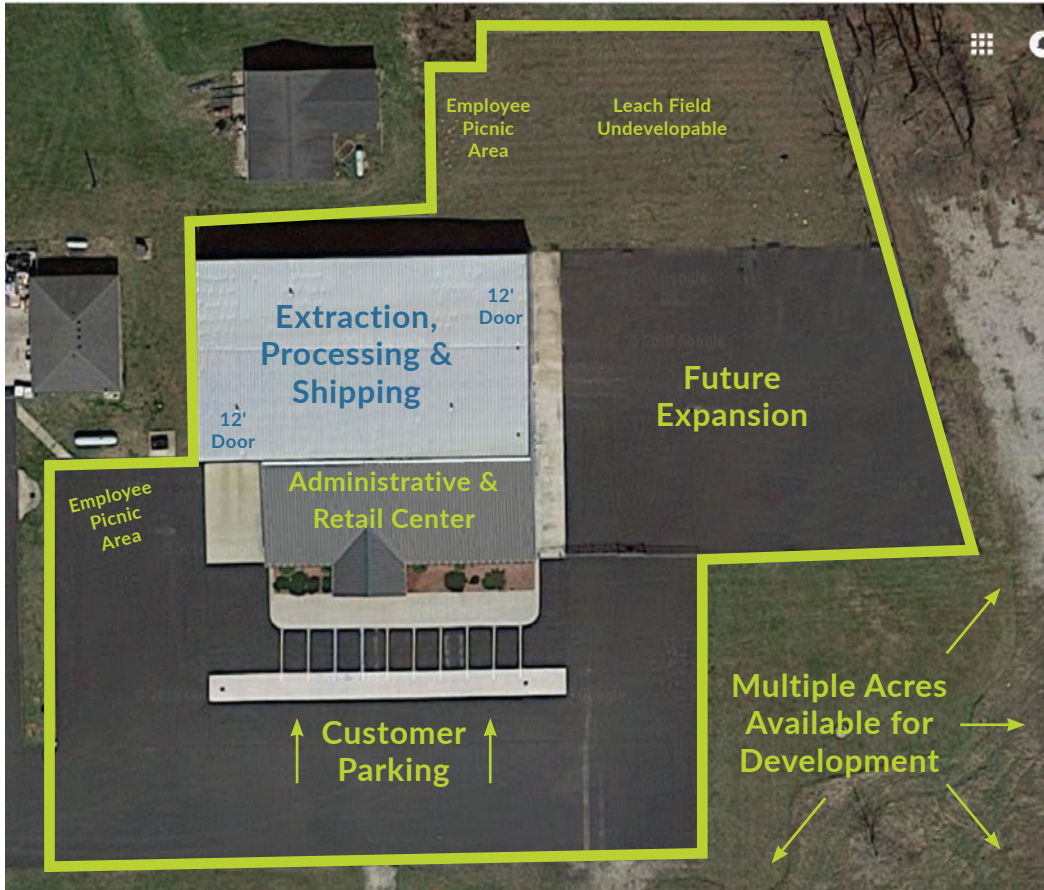
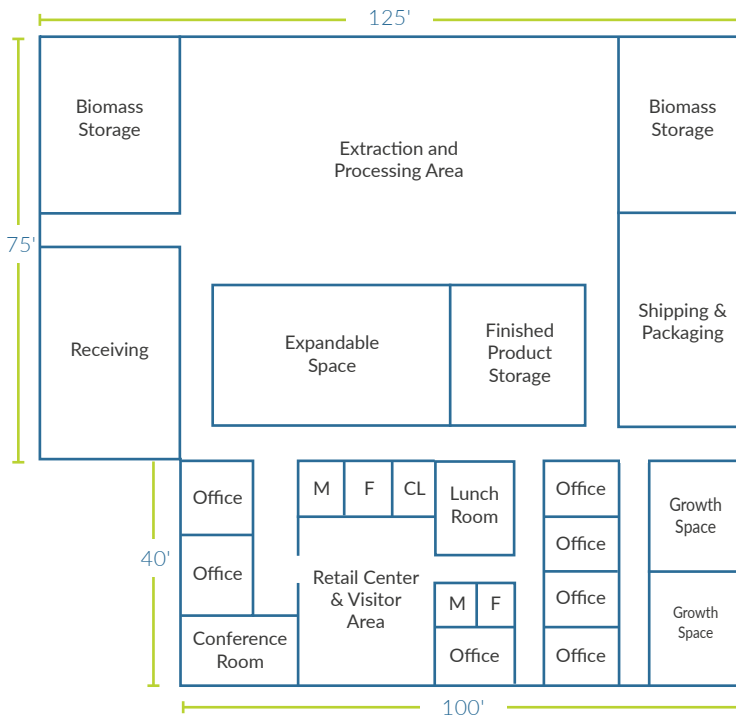


Figure 33 - Property & Facility Schematic

The Facility

Our extraction, processing, shipping and retail center areas will include:

- Receiving (975 ft²)
- Extraction & Processing Area (3,750 ft²)
- Expandable Space (800 ft²)
- Biomass Storage (1,500 ft²)
- Finished Product Storage (625 ft²)
- Shipping & Packaging (750 ft²)
- Growth Space (680 ft²)
- Lunch Room (210 ft²)
- Rest Rooms (260 ft²)
- Conference Room (240 ft²)
- Office Space (975 ft²)
- Retail Center & Visitor Area (1,000 ft²)



Potential Equipment

CapEx dollars have been included for equipment that is essential to the success of SafeSourceHemp. Initial research has surfaced the following manufacturers and products. For estimating purposes, costs associated with these products have been included.



Figure 34 - Hemp Decorticator by Canadian Greenfield (canadiangreenfield.com)

HempTrain Decorticator

- Capable of processing hemp whole or fractional, fresh/green or dry, from square or round bales
- NFPA-Compliant Explosion-Mitigating Dust Collector
- Full PLC control with touchscreen for optimization & ease of operation
- Throughput: ~2000 lbs/hr (approximately 10-12 million lbs /year)
- Shipping, Installation & Training

TRIMINATOR® Belt Dryer

- Designed to utilize the combination of heat and air to rapidly dry hemp leaves and flowers
- Designed to dry over 1,000 lbs per hour
- Hemp leaves, shredded flower and biomass that is 5/16"-1" material diameter
- Approximate drying time 4-5 hrs from start to finish
- Designed as a closed loop system whereby a filtration system captures any material which is blown out of the drying chamber, resulting in the capture of valuable material for downstream use

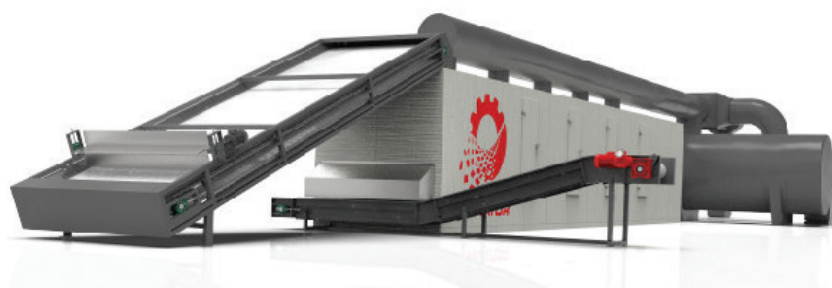


Figure 35 - Hemp Belt Dryer by Triminators (thetriminator.com)



Figure 36 - XMOD MSE by Precision Extraction Solutions (precisionextraction.com)

XMOD MSE Cannabis Extractor

- The XMOD MSE is our large scale extraction machine. Utilizing hydrocarbon or ethanol solvents, it's ideal for large volume commercial production
- Rated for butane, propane and ethanol
- 72 - 216 lbs per hour of processing with ethanol
- Up to 108 lbs per hour with hydrocarbon depending on solvent blend
- Approximately 100L, 30-36 lbs material capacity (per pod), three pods standard
- Modular and scalable material vessels for easy non-stop operation
- Dual heat exchangers for accelerated recovery

Competitive Evaluation

PLUS +CBDoil™

A search for this product in southeastern Michigan produces numerous retailers who carry this line of CBD oils. A major retailer stocking +CBDoil is Kroger.

LOCAL

Other Online Stores

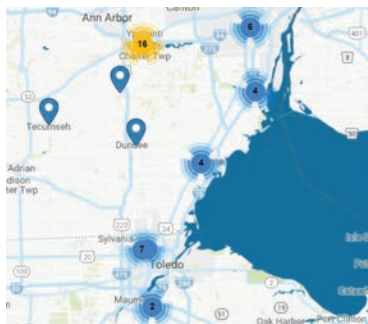
An online search for CBD Oil on Amazon.com results in over 8,000 products. 87.5% of these products are rated three stars or less - signifying a lack of quality available online.

ONLINE

LOCAL STORES

+CBDoil is made by CV Sciences, a Life Science Company headquartered in San Diego, CA. They are focused on promoting healthy living through their pharmaceutical drug development efforts and portfolio of finished product brands. Makers of PlusCBD Oil claim that they are the leading brand of hemp-derived CBD oil products available online, in health food stores, and practitioners offices nationwide. At CV Sciences, their mission is to make healthy people healthier - claiming that consumer well-being underscores their values, operations, and products.

A search for +CBDoil around southeastern Michigan nets numerous retailers that carry their line of products as illustrated in the map to the right. The numbers reflected in the starburst indicate the number of retailers in that region. A major retailer carrying +CBDoil is Kroger. Due to the volume of their sales in the US, all their CBD oils are derived from hemp grown in Europe.



OTHER ONLINE STORES

A major online competitor will be Amazon. An online search for CBD Oil on Amazon results in over 8,000 products. Further evaluation of these products reveal that over 87.5% of the products receive three star ratings or less. In fact, over 50% receive just one or two stars signifying quality or service issues that likely result in one time purchases of those products. A Google search for CBD Oil produces a listing of over 25 search results on Page one. Five of the first 10 results are for online stores including some with reviews and ratings. The five showing up in the top 10 include:

- **FABCBD** fabcbd.com/products/cbd-oil/
- **PureKana** purekana.com/collections/cbd-oils/
- **Green Roads** greenroadsworld.com/collections/cbd-hemp-oil/
- **NuLeaf Naturals** nuleafnaturals.com/
- **MEDTERRA** medterracbd.com/product-cbd-oil-tincture

All five of these companies are headquartered in the US and appear to use hemp grown in the United States. Their products are non-GMO and organically grown.

Sales Channels

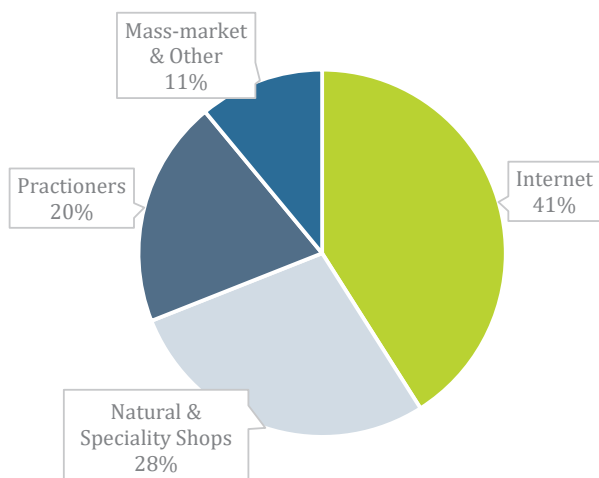


Figure 37 - Hemp CBD sales by channel, 2022 forecast

Last year, internet sales remained the leading sales channel for hemp-derived retailers with about 60% of the market.

However, it is expected that natural, specialty and conventional retailers will increase market share and internet sales will drop to less than 40% in 2022 as the market matures with better consumer education, product awareness and more traditional options become available to consumers across the United State. SafeSourceHemp intends to combine retail sales in store and have a substantial presence online.

TARGET CUSTOMERS

According to a new analysis by Cowen & Co, about 7% of Americans are already using CBD products, placing the potential market capacity at \$16 billion by 2025. The survey also found that CBD products use is highest among consumers aged 18 to 34. In 2017, liquid supplements (tinctures) accounted for the biggest share of the market at 87%, followed by topical forms at 12% and food & other products 1%. Liquid supplements will see an 8% decrease as topicals and edibles grow over the next three years.

Given that CBD users consistently ranked CBD’s lack of psychoactive effects as its best feature, it makes sense that for CBD consumers, quality and low-to-no THC concentration have more priority comparing to the price and other factors.

The absence of competition from the black market also gives CBD product manufacturers an edge, because lower-cost alternatives do not yet exist, however, as the market matures and economies of scale lead to lower unit costs and prices, it is likely that CBD consumers will become more price sensitive as well.

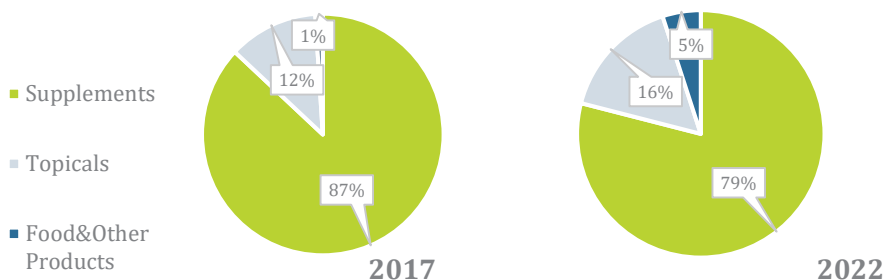


Figure 38 - CBD products sales, percentages

Sales Forecast

During the first year, SafeSourceHemp expects to generate nearly \$2.0 million in revenue.

As production ramps up and SafeSourceHemp is able to secure biomass from other vendors, revenue is forecast to jump substantially to over \$17.5 million by the end of 2021.

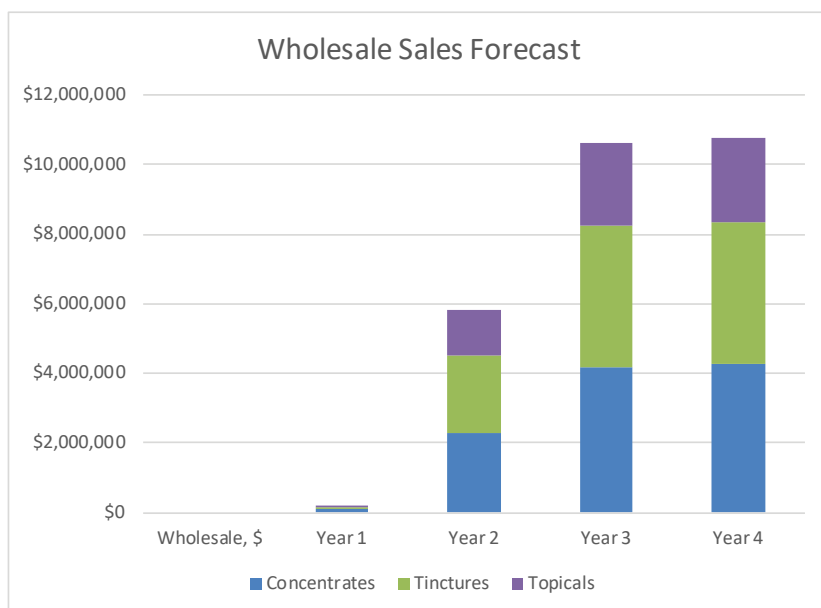


Figure 39 - Wholesale Sales forecast, \$

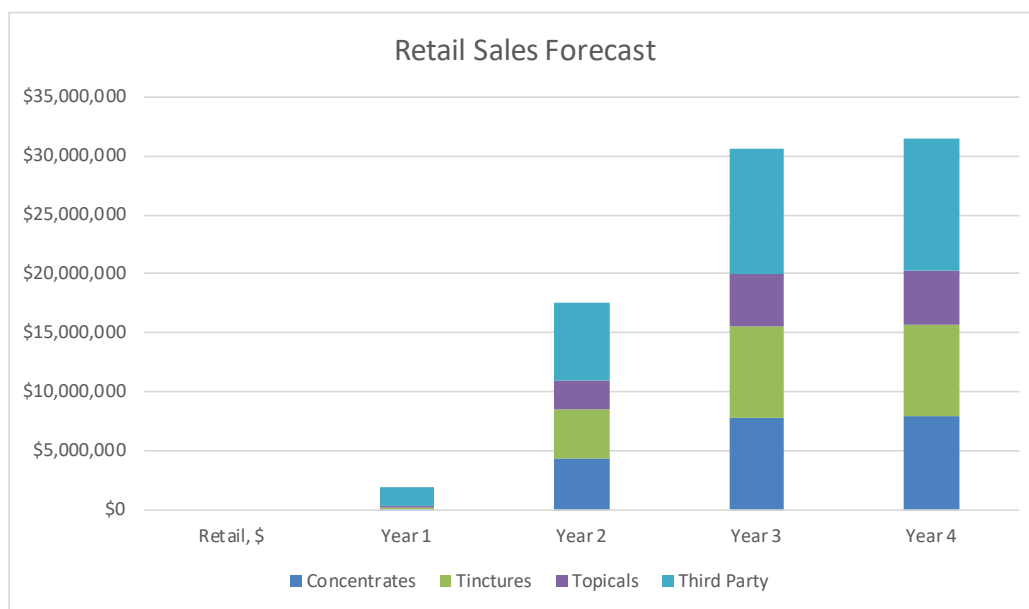


Figure 40 - Retail Sales forecast, \$

SWOT Analysis

SafeSourceHemp will refer to this SWOT Analysis regularly to evaluate the internal and external factors affecting our business. Due to the speed of changes happening in this industry, it is a facet of the plan that will be reviewed and updated often.

STRENGTHS

- Vertically integrated business - cultivation, manufacturing and retail - allows for diversification and reduction in risk
- Multidisciplined Executive Team - with legal, medical, agronomy, law enforcement and business experience
- Extensive industry knowledge
- Ideal property location which allows for ease of access and exposure to major expressways with traffic counts at site of 75,000 vehicles per day

WEAKNESSES

- Crop loss possibility due to pests, heat, human error, etc.
- Difficulties with securing a human workforce which may lead to the need to secure automation equipment sooner than anticipated

OPPORTUNITIES

- High growth industry globally, in North America and within the state of Michigan
- Michigan has the second largest medical cannabis market in the country with over 225,000 potential patients; these same customers will indirectly promote CBD products in non-patient based populations
- Growing interest and demand for natural, alternative medicine
- Legalization of hemp and hemp-derived products
- Global Market

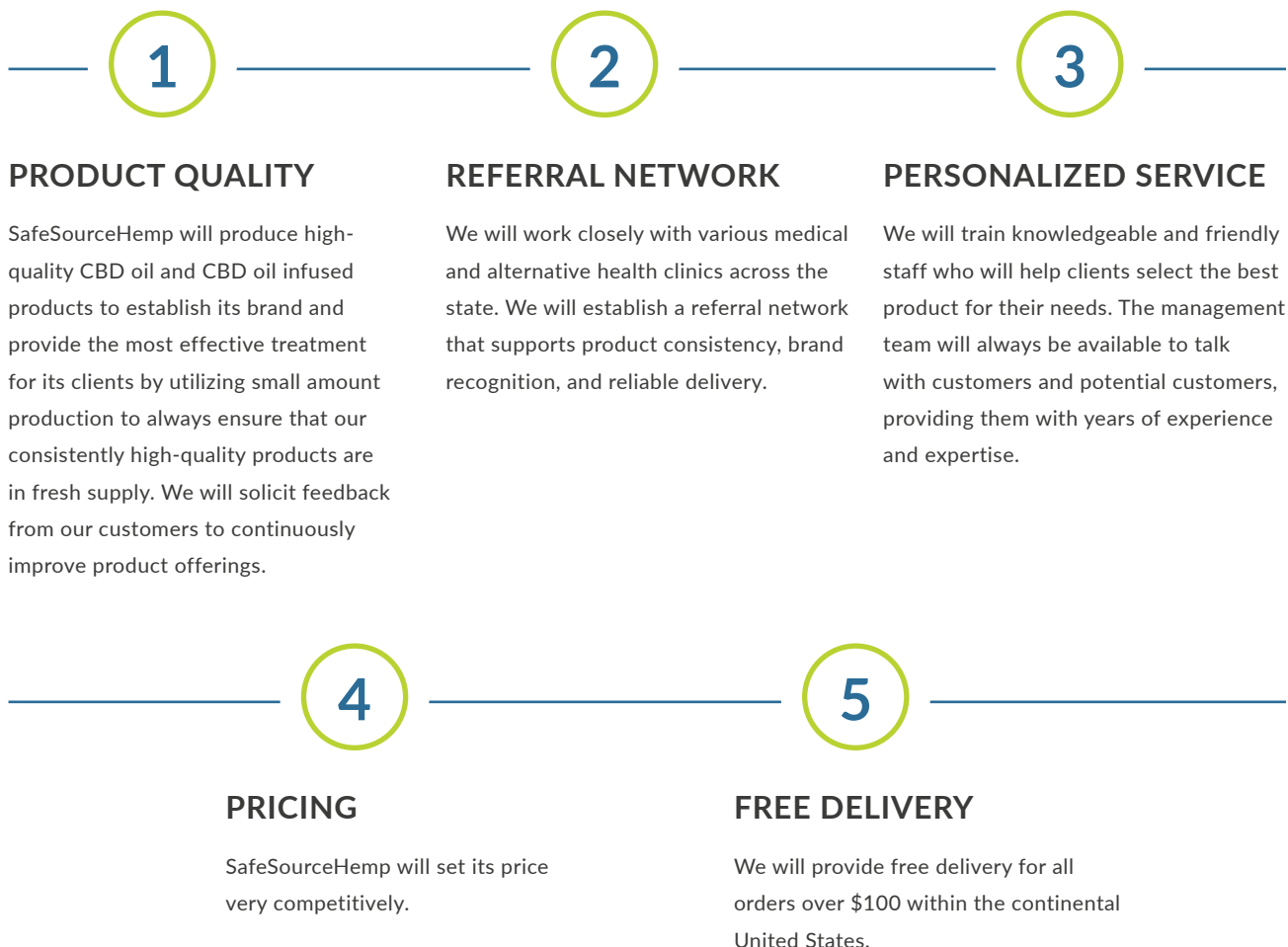
THREATS

- Enforcement of new DEA rules
- A significant drop in wholesale pricing
- Indicators of a slowed global economy
- Length of bull market suggest that a downturn may occur at some point in time
- Competition in the form of other CBD products along with the legalization of medical and recreational marijuana products in the state of Michigan

Marketing Plan

The most effective strategies for selling CBD products is through both online and brick and mortar retail outlets, attending conferences and building communities around CBD-related concerns such as health and wellness. The marketing and sales strategy of SafeSourceHemp will be based on generating long-term personalized relationships with wholesale buyers and retail outlet customers.

POSITIONING



Marketing Strategy

Online advertising platforms continue to be one of the most effective forums through which companies can market their products. Google, Facebook and Twitter all have advertising policies around the promotion of health-based products. The passage of the 2018 Farm Bill makes these forums viable marketing options for our products and industry specific brands.



Through the use of a variety of paid advertising networks we intend to build a strong following among boutique and general customer bases. Our marketing strategies will capitalize upon tag specific keywords including but not limited to: hemp oil, CBD oil, CBD isolate, CBD wholesale and CBD infused products.

WEBSITE DESIGN & DEVELOPMENT



MODERN DESIGN

We will have a professionally-designed website on the WordPress platform with an integrated payment system. Visitors will also find extensive thought leadership in the cannabis industry. We will post product photos with detailed information and special promotions to encourage new visitors to try and returning customers to repeat purchases.

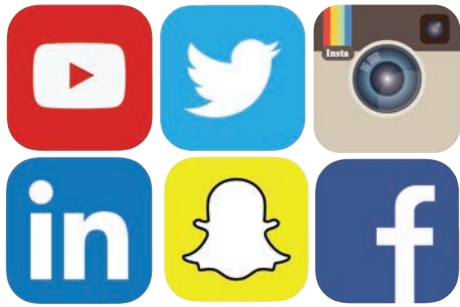


RESPONSIVE WEBSITE

The website will be responsively designed, thus allowing customers and visitors to access information and interact from their desktop, tablets and mobile devices.

SOCIAL MEDIA MARKETING PLAN

We intend to advertise through popular online platforms, while simultaneously promoting a significant social media presence. Appropriate forums will be monitored daily, with dedicated staff resources to be active and knowledgeable participants. We will develop a social media content strategy which will include Twitter, Facebook, Instagram, LinkedIn and YouTube. Our staff will be trained in the promotion of CBD products.



OTHER MARKETING STRATEGIES



SafeSourceHemp's marketing efforts will include but not be limited to the following strategies and tactics:

- ✔ **Brochures:** We will produce high-quality brochures that will be distributed to clients.
- ✔ **Email Marketing:** Effective use of SafeSourceHemp's CRM to encourage first time and repeat visits.
- ✔ **SEO/SEM:** Capture customer attention at the point their search begins online; own keywords
- ✔ **Online Marketplaces:** Full profiles and product offering on Amazon and other online marketplaces.
- ✔ **Branded Products:** Items such as shirts, hats, containers, etc. will be offered through our online store.
- ✔ **Sponsorships:** Health, or related industry events to gain brand exposure of SafeSourceHemp with community.
- ✔ **Practitioner Info Kits:** Information kits will include registration forms, brochures, and general information on the use of CBD products. They will also provide information on how to process orders.

Our Timing

NOTICE: The time line outlined below is illustrative of an 18 month time line. While it uses specific dates, an actual calendar will be developed once licenses are issued.

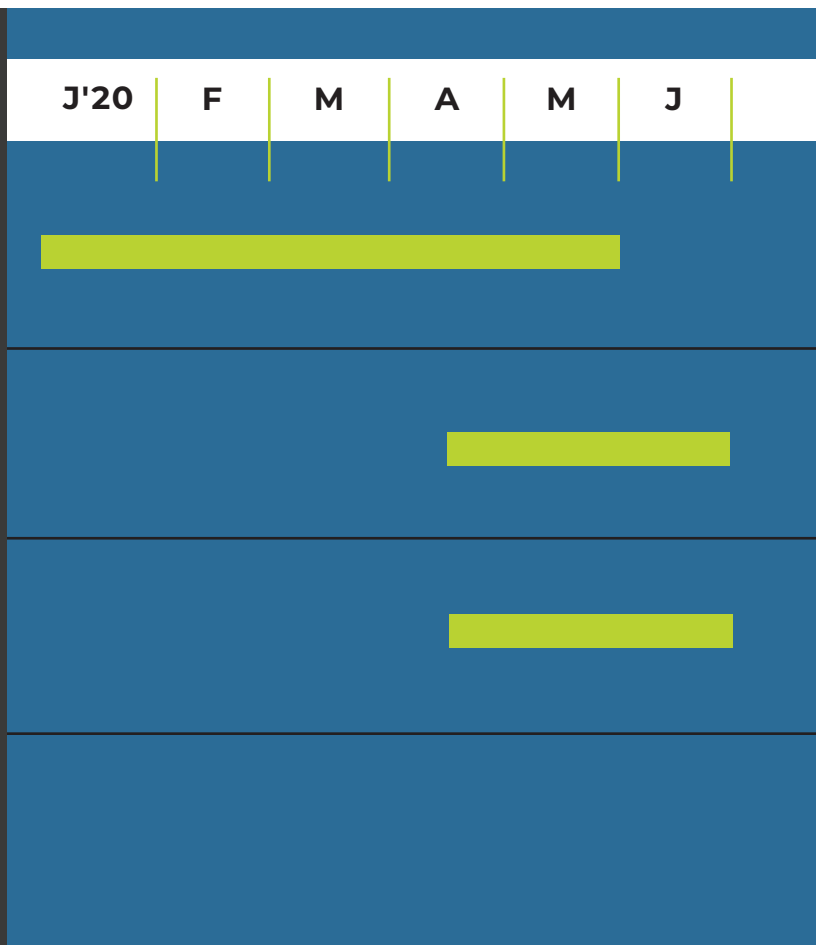
MONTH (18 MONTHS)

1 // LICENSING, FINANCING AND ONLINE STORE

2 // PLANTING, HARVEST, PROCESS & ONLINE GROWTH

3 // PROPERTY AND BUILD-OUT

4 // CONTINUED GROWTH AND 2021 PLANTING/HARVEST



1 // LICENSING, FINANCING AND ONLINE STORE

Effective January 1, 2020, SafeSourceHemp will begin to pursue the appropriate licenses required to grow and process hemp-derived CBD products. This business plan will be utilized to secure financing for the growing of acreage beginning in April 2020. Properties to build-out and convert into state of the art processing facilities and a retail outlet center will be secured. A responsive designed website will launch in Q2 - selling private labelled products sourced from US based wholesalers.

Months 1 - 5

2 // PLANTING, HARVEST, PROCESS & ONLINE GROWTH

In April 2020, SafeSourceHemp will plant up to 25 acres of hemp. This will represent 5% of maximum capacity. The first harvest will be scheduled for August/September 2020. Pending the timely build-out of our processing facility, the harvest will be processed internally. If necessary, it will be processed and packaged by a contracted supplier while our facility is completed. SafeSourceHemp's own grown hemp-derived products will be available for sale in Q4 2020.

Months 4 - 10

J | A | S | O | N | D | J'21 | F | M | A | M | J



3 // PROPERTY BUILD-OUT AND PROCESSING

The purchase and build-out of the facilities is estimated to take four to eight months from the time the point of vacancy until it is approved for operations. At the time of possession all architectural renderings and plans will be implemented - thus allowing the Executive Team and SafeSourceHemp's managers to move forward with contracting qualified contractors and manufacturers to begin the build-outs once possession occurs.

Months 6 - 14

4 // CONTINUED GROWTH AND 2021 PLANTING/HARVEST

Once the processing and retail facility is brought online, SafeSourceHemp can begin taking orders to process for other farmers. This will coincide with the cultivation of seedlings for the 2021 planting season to take place in April 2021.

Months 14 - 18



Operating Plan

SECTION
03

Cultivation Methods & Strains

SafeSourceHemp is dedicated to creating a cost-efficient cultivation and production site with an initial investment in state-of-the-art technology and processes that ensure our facility is fully operational in year one.

SafeSourceHemp will grow our hemp outdoors. Our member of the executive team, Darren Koraleski, is a local farmer who has immediate access to 400 acres of agricultural land in Summerfield Township, MI. We will plant 25 acres in mid-to-late April with an anticipated harvest of 1,500 plants per acre in August or September. We will only purchase seed from trusted sources that can supply Certificate of Analyses to ensure that the quality and CBD percentages are known entities. To account for loss, we will purchase and start 25% more seeds than will be necessary to assure the maximum number of plants per acre can be planted. All seeds will be germinated and started in a greenhouse owned by Mr. Koraleski and his family. They own greenhouses that cover 7 acres of property and can thus handle any amount of space needed to start seeds for up to the 400 acres detailed within this plan.

Industrial Hemp Varieties

SafeSourceHemp will acquire a certificate of analysis for each of its proposed strains showing full cannabinoid and terpenoid analysis as well as pesticide and microbiological content. Each of SafeSourceHemp's selected strains were selected for their unique phytochemical makeup, pest resistance, yield, consumer demand, and overall stability.

Company Specifications

SafeSourceHemp will establish specifications for the quality, appearance, potency, purity, and identification of each strain, package size, and dose in its final packaged form. We will not release any batch of industrial hemp biomass unless testing by a licensed testing laboratory shows that the batch meets SafeSourceHemp's specifications and that the package or label contains the analysis from a licensed testing laboratory.

Product Time Line and Production Schedule

As the outdoor growing stage will start in April 2020, sales from our own biomass are projected to begin in Q4 2020 and will significantly increase in year two with the increase in acreage

that is planted. In year one, SafeSourceHemp will have the ability to grow up to 22,500 plants outdoors and will have the ability to grow from seedling to finished product utilizing the aforementioned greenhouses to begin the cultivation process.

Production Phases & Timing of Each

This list and illustration provides a brief overview of the various phases that a hemp plant will go through from seedling to harvest. It illustrates how quickly industrial hemp grows and how within four to five months, we can begin harvesting.

- Emergence of seedlings: Day 5-7
- Fourth true leaves: Day 15-25
- Beginning of flowering: Day 25-30
- Beginning of pollination: Day 30-35
- Peak time of pollination: Day 40-45
- Apparent seed formation: Day 55
- End of pollination: Day 55-65
- Small smell from females beginning: Day 50-60
- 30-70% mature seed: Day 70-80
- 60-80% mature seed: Day 90-100
- Harvest time: Day 100-120 after sowing

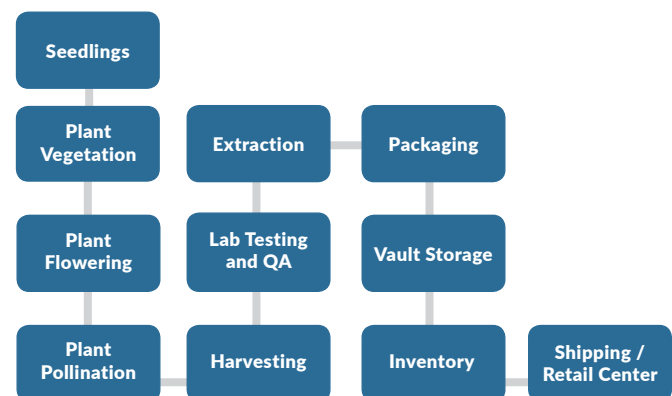


Figure 41 - Phases of Production

Standard Operating Procedures

Maintaining the health and ideal growth of hemp plants through each stage of maturity requires various daily procedures. SafeSourceHemp will prepare written Standard Operating Procedures (SOPs) that dictate how industrial hemp is cultivated, harvested, packaged, labelled, stored, processed, distributed and sold.

The procedures described here are select processes meant to demonstrate SafeSourceHemp's ability to consistently cultivate high quality industrial hemp. Once licensing and finances are secured, we shall develop a complete manual of policies and procedures.

Environmental Control Systems (ECS)

SafeSourceHemp will maintain the cultivation facility with equipment providing adequate lighting, ventilation and temperature for the safe and consistent processing of CBD products.

The facility will contain a hybrid air system that operates as sealed system but is capable of opening to allow ventilation. When the system is sealed, air will not be drawn in or released outside but will instead be filtered, conditioned, and re-circulated within the cultivation area. When vents are opened, air will be drawn in from outside of the facility through a HEPA filter equipped with UV sanitation lights to ensure no pests or pathogens are drawn in. Air will also pass through an Energy Recovery Ventilator (ERV) to save heating/cooling costs. Air expelled from the facility will pass through carbon filters to remove hemp odor. The facility will remain sealed most of the time to maintain consistent environmental conditions. To refresh the air supply, vents will be opened for approximately ten minutes once per week, as well during disinfection of any room.

A sealed air system is the best option for an indoor processing facility most of the time, as it ensures that almost no pests or pathogens are allowed to enter. The system depends on the use of traditional split single-zone and mini-split multi-zone air conditioning units with heat pumps, dehumidifiers, humidifiers, air cleaners, and supplemental carbon dioxide, all controlled by centralized controllers.

The equipment will maintain the following environmental conditions in cultivation areas:

- Temperatures between 70 and 80 degrees Fahrenheit throughout the year
- A relative humidity (RH) between 50-75% depending on cultivation area and plant cycle
- Carbon dioxide levels of 1200-1500 ppm
- Air continuously filtered to remove particulate matter such as bacteria, dust, mold spores, and hemp odor.

ECS equipment will be designed and installed by an HVAC professional based on the size and production needs of the facility and will be maintained according to the manufacturer's instructions. Environmental conditions will be recorded on a daily basis, and any irregularities or malfunctions of equipment during a manufacturing cycle will be recorded in the batch record for any plants affected.

Heating and Cooling Systems

SafeSourceHemp will install multiple Fujitsu/Siemens, mini-split multi-zone air conditioning units with heat pumps and ultra-efficient Lennox XP25, 26 SEER, air conditioning units with heat pumps to maintain specifications for temperature throughout the facility and specific to each area. If necessary, supplemental heat will be provided through heat pumps in the air conditioning units.

Humidification and Dehumidification Systems

Generally, relative humidity (RH) will be 50-70% in all rooms, with each room having its own control to optimize the environment for its purpose.

Air Filtration and Odor Mitigation

SafeSourceHemp will use multiple carbon filter air cleaners throughout the facility to continuously filter and purify air, including Can-Lite 12"x48" Carbon Filters and a Max-Fan Q-MAX 12" Fans. Carbon filters will effectively remove large particulate matter and neutralize volatile organic compounds to mitigate hemp plant odor. HEPA filters and UV air sanitizers will sterilize air of bacteria, mold, and pathogens.

Electrical Safety

All rooms containing HID lighting, ballasts and electrical control panels will be constructed with a minimum of one-hour fire assembly and with fire safety systems that comply with the requirements of the local fire code, including at least one fire extinguisher in each room of the cultivation areas and an additional fire extinguisher for every 10,000 watts of lighting. Fire extinguishers will be:

- Easily accessible to employees from every room and in each hallway of the facility
- Maintained annually or as specified by the manufacturer
- Have a class rating appropriate for an electrical fire

Workplace Safety

The inherent risks of cultivating and manufacturing CBD products must be mitigated through pre-employment training and periodic review of the Workplace Safety Program, which includes:

- Accident prevention signs to indicate dangerous conditions or conditions requiring caution, as well as the "OSHA Job Safety and Health: It's the Law" poster and "OSHA Log of Work-Related Injuries and Illnesses"
- Location of eye flush stations and first aid kits
- Fire extinguisher location and proper use
- Accident reporting, record-keeping and investigations for work-related injuries and illnesses
- How to get medical services and first aid
- Location and use of Material Safety Data Sheets (MSDS) for each chemical stored onsite
- Compressed gas storage safety and Permissible Exposure Level (PEL) monitoring for each chemical gas stored onsite

- A written Hazard Communication Program that employees will follow to ensure that all chemicals used at the facility are safely stored, properly labelled and utilized as intended by the manufacturer
- Instruction for personal protective equipment (PPE) employees will use regularly
- Accident reporting, record-keeping, and investigations
- Emergency Action and Fire Prevention Plans
- Rights under OSHA

SafeSourceHemp's designated Safety Officer will conduct regular surveys of the facility, noting potential workplace hazards, and the results of each survey will be used to design and update the Workplace Safety Program.

Hazard Communication Program

SafeSourceHemp's written Hazard Communication Program ensures that all chemicals used at the facility are safely stored, properly labelled and utilized as intended by the manufacturer, and includes:

- Methods and observations that may be used to detect the presence or release of a hazardous chemical in the work area (such as continuous monitoring devices, visual appearance or odor of hazardous chemicals when being released, etc.)
- The physical, health and gas hazards of the chemicals in the work area
- Measures employees can take to protect themselves, including specific procedures to protect employees from exposure to hazardous chemicals
- The details of the hazard communication program, including an explanation of manufacturer's labels; SafeSourceHemp's labelling system; and the Material Safety Data Sheets (MSDS), including the order of information and how employees should use the appropriate hazard information
- Compressed gas storage safety and PEL monitoring for each chemical gas at the facility
- Regular inspection of compressed gas cylinders

Emergency Action Plan

The written emergency action plan will be kept in the facility, available to employees for review. The emergency action plan will include, at a minimum:

- How to report a fire or another emergency
- Emergency evacuation procedures, including type of evacuation and exit route assignments
- Procedures for employees who remain in the facility to operate critical operations before evacuation
- How all employees will be accounted for after evacuation
- Name or job title of the employee(s) who may be contacted for more information about the plan
- Employees designated and trained to assist in evacuation of other employees
- An emergency alarm system that uses a distinctive signal for each purpose

SafeSourceHemp will review the emergency action plan with employees at the time of hiring, when an employee's responsibilities under the plan change and when the plan is changed.

Fire Prevention Plan

SafeSourceHemp will contact the National Fire Protection Association for information on how to design a fire prevention plan. The written fire prevention plan will be kept in the workplace and be made available to employees for review.

The fire prevention plan will include:

- A list of all major fire hazards, proper handling and storage procedures for hazardous materials potential ignition sources and their control, and the type of fire protection equipment necessary to control each major hazard
- Procedures to control accumulations of flammable and combustible waste materials
- Procedures for regular maintenance of safeguards installed on heat-producing equipment to prevent the accidental ignition of combustible materials
- Fire extinguisher location and proper use
- The name or job title of employees responsible for maintaining equipment to prevent or control sources of ignition or fires

- The name or job title of employees responsible for the control of fuel source hazards
- Exit routes and the location of Emergency Exits

SafeSourceHemp will invite the local fire department to play an active role in designing the facility and company safety policies. All necessary fire department permits will be acquired prior to beginning operations. SafeSourceHemp will conduct a random fire drill at least once per year to assess the staff's responses to a fire emergency. Based on response to the drills, the staff may be re-trained in the fire prevention plan. A physical copy of emergency exits and a formal fire response and evacuation plan will be on hand at the facility at all times. SafeSourceHemp will assure that the servicing, maintenance and testing of fire detection systems, including cleaning and necessary sensitivity adjustments, are performed by a trained person knowledgeable in the operations and functions of the system.

Staffing and Training

SafeSourceHemp's operations plans will provide the basis for training all staff members. We may supplement training with independent training courses; however, independent courses will not replace internal training.

Management employees will first be trained in standard operating procedures (SOPs), and then they will train all other members of their team. All employees will have a training and probationary period of 90 days, beginning with human resources, safety and security training. On the job training will be completed within the 90-day probationary period. Training will include the following topics:

Employee and Human Resources Policies

The COO will be responsible for presenting employees with company employment policies. Employees will receive these policies in writing, in addition to a full day's training session, which will cover:

Hours and Compensation

- Timekeeping policies, how to clock in and out using software, user names and passwords
- Attendance policies, including the disciplinary actions for repeated tardiness
- Break policies: Each employee will be allowed a minimum of 15 minutes break every four hours, a 30 to 60-minute lunch break for shifts longer than four hours, and an additional lunch break for shifts longer than ten hours. All breaks will be paid
- Overtime pay rates for employees paid by the hour who work upwards of 40 hours per week
- Payroll schedule
- Paid Time Off (PTO) and Leave Options: Sick leave and PTO accrual rates and how to request PTO or sick leave
- Holiday schedule
- Rights for FMLA Leave, as required by federal law
- Bereavement, Voting, Jury Duty, and Personal Leave policies

Employee Benefits

- Workers Compensation and Statutory Short-Term Benefits

Identification Policies

- Company ID badges must be worn at all times and must not be obstructed from view
- Employees must keep their state-issued employee ID card visible at all times when on company property

Policies for Job Performance and Workplace Behavior

- Prohibited activities and behavior in the workplace
- Disciplinary violations, probationary periods and suspensions
- Personal possessions policies, including personal electronic devices
- Consumption policies for alcohol, tobacco, prescription drugs and illegal substances
 - Employees at no time will be allowed to have/ consume any intoxicants while on the premises of SafeSourceHemp.
 - Employees will not be allowed to have any drugs on/ in them while employed at SafeSourceHemp. Periodic drug testing may be employed as part of employment.
- Social media and the workplace
- Confidentiality policy
- Conflict of interest
- Anti-harassment and non-retaliation policy
- Ending employment

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- Anti-harassment and non-retaliation policy
- Ending employment

Contamination Prevention

All employees will be trained in the following policies and procedures for preventing contamination:

Personal Hygiene Plan

The written, formal personal hygiene training program will include:

- Hand-washing
 - Instructions and demonstrations on how to wash hands using warm water and soap
 - Location of hand-washing stations and single-use paper towels
 - When employees must wash their hands, including before beginning work, after using the restroom, after breaks, after smoking or eating, before donning single-use gloves, when switching from one task or area to another and after any absence from the workstation
 - Responsibilities for stocking restrooms and hand-washing stations with soap and single-use paper towels, and who to tell if these materials are missing

Contamination Barriers

Any person who enters cultivation and trimming areas are required to wear a new pair of nitrile or vinyl gloves before touching any plant or plant material matter. Gloves must be changed between tasks, any time an employee or visitor exits and re-enters a cultivation room or the dry/trim room and after any absence from the work station. Hair nets are also required for all employees working in a cultivation room or in the dry/trim room. Face masks are required for employees working in the dry/trim room.

Water as a Contaminant

As water is one of the biggest contributors to contamination in agricultural operations, employees will learn:

- Water quality standards and testing for signs of fecal pollution
- Mold and pathogen growth in wet environments
- Sanitation procedures and schedules for irrigation equipment
- How to check backflow devices on water source plumbing
- Sanitation and inspection procedures for cooling systems

Personal Protective Equipment (PPE)

As a part of safety and contamination training, employees will learn:

- When to use PPE
- What PPE to use
- When PPE is not sufficient protection
- How to properly put on, take off, wear and adjust PPE
- Care for and durability of PPE

Employees must exhibit an understanding of PPE training and proper PPE use before doing any work that requires PPE.

Any employee who does not exhibit proper PPE use will be retrained. In addition to the garments required by the uniform policy, employees will use the following PPE on a regular basis:

- Protective eyewear for working in cultivation areas with artificial lighting that protect the eyes from UV and infrared rays
- Protective eyewear and face masks for performing jobs that generate airborne particulate matter
- Protective gloves made from an impermeable material for handling chemicals or nutrient solutions

Security Training

All employees will be required to complete security training within one week of beginning employment. Security training includes training on security devices and their uses, ways to maintain the access control system, what to do if persons try to access areas of SafeSourceHemp they are not permitted to enter, and who to contact during emergency events. Security training will pay special attention to ensuring that diversion and theft do not occur at the facility and will focus on security standard operating procedures that instruct on what to do upon detecting diversion or theft. All employees must review SafeSourceHemp's security and safety plan and sign an attestation stating they have reviewed the policy and accept and understand all that is required of the employee.

Workplace Safety Training

The inherent risks of indoor industrial hemp cultivation will be mitigated through pre-employment training and periodic review of the Workplace Safety Program that meets the standards required by the state and federal OSHA office and the federal General Industry standards in 29 CFR 1910. Safety training includes OSHA training for agriculture and OSHA hazardous materials training.

OSHA Training

Initially, company managers will attend Introduction to OSHA for Small Businesses, Introduction to Safety and Health Management, and Recordkeeping Rule Seminar. The Introduction to OSHA course will cover applicable OSHA standards, compliance requirements for inspections, tools to implement safety and health programs and necessary training for employees. The Introduction to Safety and Health course will introduce company managers to the four core elements of a safety and health management system. The Recordkeeping course will introduce managers to reporting and recording requirements for workplace injuries and illnesses.

Within the first 60 days of employment, all company employees will take part in the OSHA Evacuation and Emergency Planning course. At the end of the course employees will be familiar with emergency plans, the creation of emergency plans, emergency exits, and the importance of maintaining a clear emergency exit pathway and they will be able to recognize violations of OSHA standards.

Between 60 and 120 days of employment, employees will take the OSHA Standards for General Industry and OSHA Hazardous

Materials courses. The General Industry course will cover the general standards for all industries, with particular focus on hazardous aspects of industries. At the end of this course employees will be able to explain general industry standards and identify hazards. The Hazardous Materials course will introduce employees to the types of hazardous materials they are likely to encounter, including flammable and combustible liquids.

When employees have completed this course, they will be able to identify hazardous materials, assess them for compliance with OSHA standards, and know how to properly move, store and handle them.

Rights Under OSHA

Employees will be informed of their rights, including:

- The right to review, examine and copy the current log of injuries and illnesses
- The right to know of any toxic substances and harmful physical employees they may be exposed to
- The right to report an injury
- The right to view the annually posted summary of the injuries and illnesses

Medical Services and First Aid

Managers will be required to take OSHA's Bloodborne Pathogens Exposure Control course and be first-aid and cardiopulmonary resuscitation (CPR) certified. SafeSourceHemp's COO is the designated Safety Officer, and will instruct employees about what should be done in a medical emergency and will know which emergency personnel to contact. Adequate first aid supplies shall be readily available, and employees shall be instructed in the location of eye flush stations, chemical showers and first aid kits as well as how to get medical services and first aid.

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Quality Assurance Plan

SECTION
04

Packaging & Labelling

SafeSourceHemp has created the following quality assurance and quality control plan to ensure a safe, consistent product supply and minimize deviation in quality of the production batches of CBD products.

Quality Assurance

The quality assurance plan has been designed to detect and prevent operational failures that endanger public health, create a likelihood of contamination or diversion or a pattern of deviation from standard operating procedures (SOPs).

Quality Assurance Personnel

The COO will oversee the quality assurance program. Other designated company employees (agents) or contracted employees of a third-party may perform quality assurance procedures following written quality assurance SOPs. Any person contracted to perform quality assurance duties will be required to adhere to SafeSourceHemp's visitor policies.

Specifications and Standard Operating Procedures

Quality assurance is based on adherence to written specifications and procedures throughout production. Specifications that dictate the quality, identity and composition of any materials used in the cultivation of industrial hemp, including components, tools and equipment, shall be recorded and approved by the COO prior to operations. Production SOPs that dictate how hemp is cultivated and harvested shall be recorded and approved by the COO. SafeSourceHemp will likewise establish specifications for the quality, appearance, potency, purity and identification of each hemp strain and package size or dose in its final packaged form. These written specifications and SOPs will ensure that all industrial hemp cultivated has consistent quality, potency and purity.

Materials Inspection and Approval

The Sales/Delivery Director will receive, identify, withhold, inspect and approve or reject all equipment, tools and materials used in CBD product production. Each shipment of materials received at the cultivation facility will be checked against the supplier's shipping manifest to ensure the shipment meets the order. The Sales/Delivery Director will then examine each item or group of items to ensure they are correctly identified, are

free of damage or contamination and meet SafeSourceHemp's specifications for the material. Each item or group of items will be withheld from use until inspected and approved or rejected. Materials that meet specifications, are free of damage and contamination and are correctly identified will be approved and stored. Any materials that do not meet specifications shall be rejected unless the COO approves a treatment, process adjustment, reprocessing or other deviation that will render the component suitable for use. Approved shipments of materials will be assigned a distinctive code in SafeSourceHemp's electronic inventory tracking system (ITS) allowing the item(s) to be traced back to the supplier when necessary.

Hemp Sampling and Testing

No batch of hemp will be distributed without a valid certificate of analysis showing the batch meets SafeSourceHemp's specifications. We will contract with a testing laboratory located in Michigan that has been issued a certificate of operation by the state.

Batch Clearance

When the certificate of analysis for a batch sample is received from the testing laboratory, the COO will compare the tested criteria to company specifications for the strain and the Department's standards. No CBD product shall be released for sale until it has received final clearance from the COO affirming that the batch meets Company specifications and the standards set forth by the Department and that the package or label contains the analysis from a licensed testing laboratory.

Packaging Procedure

Batches of hemp products that have been tested and issued an analysis by a licensed laboratory showing they meet the standards set forth by the Department will be packaged and labelled for storage or distribution according to product demand. After a batch of hemp has been tested and approved by the COO, he or she will move all containers in the batch

from the quarantine section within the vault to the cleared section within the vault, indicating that it is ready for packaging. A supervisor will then create a packaging order in the ITS based on recent orders, current inventory and customer preference.

Packaging Equipment and Tools

Equipment used for packaging will be of a size and quality to adequately perform its intended function. All scales will be NTEP rated to Class III or above. Scales will be sealed onsite and regularly serviced by a registered service agent. SafeSourceHemp will maintain onsite at least one NTEP Class III scale with a division size of 1.0 gram or less for weighing hemp in excess of five pounds and one NTEP Class II scale with 0.01 gram divisions or less for weighing hemp in amounts less than five pounds. Scales, balances or other weight and/or mass measuring devices will be routinely calibrated using National Institute of Standards and Technology (NIST)-traceable reference weights, at least once per calendar year, by an independent third party approved by the Department.

Tools that come into contact with industrial hemp will be made from a material that is not reactive or absorptive and will not adversely affect the purity, safety or quality of our CBD products. Harvest employees engaged in packaging will be trained to use the following equipment and tools:

- Commercial digital scale, connected to the ITS
- Label-maker
- Vacuum sealer with gas purge
- Scoops, tongs and other hand tools

Labelling Procedure

Labels will be printed using the digital label-makers at each packaging station connected to the ITS and digital scales. Using the manufacturer's instructions, harvest agents will check the label-maker prior to beginning packaging operations to ensure that it has been loaded with the correct labelling material and that labels from previous operations have been removed. After weighing, packaging and sealing a package or bottle of CBD product, the employee will use the ITS to print the appropriate label. Before applying the label, the employee will examine it to ensure that the printed information is correct and that the label is readable and free of deformations or contamination. If the label is incorrect, deformed or contaminated, it will be discarded and a new label will be printed. It is prohibited for any person to knowingly or intentionally alter, obliterate or otherwise destroy

any container or label attached to an approved container. In the event an employee of SafeSourceHemp does so, appropriate disciplinary action will be taken.

Materials Specifications

SafeSourceHemp will establish specifications for the packaging and labelling materials used for each strain and package size. Specifications for all packaging materials include:

- All packaging material shall gain the Department's approval prior to use and must maintain the identity, purity, strength, and composition of the CBD product
- Packaging for industrial hemp distributed to a processor will be tamper-evident and light resistant
- Packaging for CBD products distributed to a retail center will be child-proof, tamper-evident and light-resistant
- Any free sample provided to a retail outlet shall be packaged in a sample jar protected by a plastic or metal mesh screen
- A label shall not contain any of the following:
 - Any false or misleading statement or design;
 - Depictions of the product, cartoons, or images that are not registered with the state, which includes any insignia related to a governmental entity;
 - Any sum totals of cannabinoids or terpenes, except THC content
 - Any information that would violate the state's restrictions on advertising
- Labels must be conspicuously placed on packages

Packaging and Labelling Recordkeeping

For each batch of industrial hemp, the following packaging and labelling information will be recorded in the ITS:

- Date(s) on which each step of the packaging and/or labelling protocol was performed
- Statement of the actual yield and a statement regarding whether the actual yield is within the acceptable range of the theoretical yield at the end of packaging and/or labelling
- Label contents
- Identity of each person performing each process step in packaging and/or labelling of the batch

Quality Assurance Clearance

The COO or their designee will inspect each packaged and labelled batch for compliance with SafeSourceHemp's specifications. Any packaged or labelled CBD product which fails to meet its packaging specifications, labelling specifications or other packaging requirements must be rejected, unless the COO approves repackaging, relabelling or other deviation that will ensure the batch will meet all packaging and labelling specifications and other packaging requirements and will not be otherwise contaminated or adulterated. Any such repackaging, relabelling or other deviation must be documented in the ITS. Representative and reserve samples will be collected from each batch of packaged and/or labelled CBD product as part of finishing operations.

Record Keeping

SafeSourceHemp shall keep true, complete, legible, and current books and records, maintaining them at the facility for a five-year period, unless otherwise required by law.

The following records shall be maintained:

- Records relating to the disposal of hot industrial hemp and waste
- Records related to the sale of CBD products
- Transportation records
- Records of all samples sent to an independent testing laboratory and the quality assurance test results
- Security records
- Inventory tracking records and inventory records maintained in the ITS, as well as records maintained by the facility outside the ITS
- Cultivation records, which, at a minimum, shall include the following:
 - Forms and types of industrial hemp maintained in the fields
 - Soil amendment, fertilizers, pesticides, or other chemicals applied to the growing medium or plants or used in the process of growing hemp
 - Production records, including planting, harvesting and curing, weighing and packaging and labelling
- Financial records
- Employee records

Electronic Records

SafeSourceHemp will use an electronic system for storage and retrieval of records required by the state or for other records relating to CBD products.

SafeSourceHemp will use an electronic system that meets the following requirements:

- Guarantees the confidentiality of the information stored in the system
- Can safeguard against erasures and unauthorized changes in data after the information has been entered and verified by SafeSourceHemp
- Can place a litigation hold or enforce a records retention hold for purposes of conducting an investigation or pursuant to ongoing litigation
- Is capable of being reconstructed in the event of a computer malfunction or accident resulting in the destruction of the data bank

Financial Records

SafeSourceHemp shall maintain financial records at the facility for a five-year period including the following:

- Records that clearly reflect all financial transactions and the financial condition of the business, including contracts for services performed or received that relate to SafeSourceHemp
- Purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase

- Bank statements and cancelled checks for all accounts relating to SafeSourceHemp, if applicable
- Accounting and tax records related to SafeSourceHemp and all investors in the facility

Human Resources Records

SafeSourceHemp shall retain all hiring, training, performance, and disciplinary records for any person hired as an employee of SafeSourceHemp, including contractors and volunteers. Employee files shall be stored in a locked container or password-protected computer and shall be kept for a minimum of five years. Employee files shall include:

- All records relating to the hiring of employees, including applications, documentation of verification of references, and any other related materials
- An employee log that includes the following information for every current and former employee:
 - Employee name, address, phone number and emergency contact information
 - Registration number and access credential designation
 - Date of hire and date of separation from employment, if applicable, and the reason for the separation
 - All training, education and disciplinary records
 - Salary and wages paid to each employee, and any executive compensation, bonus, benefit or item of value paid to any individual affiliated with SafeSourceHemp, including members of a non-profit corporation
- Visitor logs

Waste Disposal Records

SafeSourceHemp will store hot industrial hemp product and waste disposal records at the facility. Any such records shall include:

- The registered product name, strain and quantity of industrial hemp involved
- The date of production or removal from production
- If the hemp has been removed from production, the reason for removal
- A record of all industrial hemp sold, transported or otherwise disposed of
- The date and time of sale, transportation or disposal of the industrial hemp



Security Plan

SECTION
05

Surveillance & Physical Security

***Security will be addressed from the mandate, "Security and Safety from the Outside - In."
The only way to keep employees, visitors, technology, customers and the business safe is to have a well-equipped secure building and trained staff to deal with anything that may come up.***

A security plan has to decrease vulnerabilities and increase capacities so that threats are being reduced or made less feasible and therefore the risk is reduced. A security plan is a must for any business and is to provide an overview of the security requirements of the system and describe the controls in place and planned, responsibilities and expected behavior of all individuals who access the venue.

SafeSourceHemp shall comply with all security plans described herein. SafeSourceHemp will develop comprehensive written operating policies, plans and procedures that have been informed by Good Agricultural Practices (GAP), Good Handling Practices, and Quality Assurance/Quality Control standards based on Good Manufacturing Practices (GMP), as well as recommendations developed by the American Herbal Products Association.

All for One and One for All

Employees are more likely to see security as a company priority if management visibly supports security efforts and initiatives. Consequently, a security program is most effective when people see it as an important part of a company's goals and vision. Among the best ways to demonstrate that support is to include security as one of management's core values and to promulgate official company policies regarding security. This is constantly being evaluated and upgraded. And as the most effective means to this end, multi-disciplinary involvement in the creation and vetting of these documents invites partnerships with legal, HR, IT, and employee assistance to collaboratively design inclusive and relevant procedures. Security personnel simply cannot do all this by themselves. Non-security personnel must receive ongoing and current up to date training on safety-related information regarding emergency preparedness, fire prevention and workplace violence mitigation, among many areas.

Access Control Procedures

You can have every bell, whistle, and the latest, greatest, cutting edge, state-of-the-art, innovative, protective security countermeasure or risk mitigation tool in the world, and none of them will be effective in protecting your venue if you cannot control access. The definitive access control strategy is a disciplined, thorough, and comprehensive approach to filtering all personnel, assets, services and equipment seeking entry into the site. This paradigm applies to everyone and everything—from employees, part-time workers and general public to vehicles, mail and deliveries to drones, helicopters and unauthorized aircraft. It all begins and ends with controlling access.

Facility

Ingress/Egress Parking Lot

Visitors and employees will enter and exit off of Summerfield Road which is the only access point to the property and ultimately to a paved parking lot. Barriers will be put into place in front of the showroom doors to control traffic when operations are not open. These barriers will be designed to stop any type of a vehicle from entering the showroom to avoid a smash and grab scenario. A traffic control gate may be added to control traffic after hours.

Fencing

An exterior fence will be constructed using number 11 gauge or heavier wire with mesh openings no larger than two square inches. The fence shall rest within two inches of solid ground with a minimum height of eight feet. A clear zone of at least ten feet shall be maintained on both sides of the fence where possible. "No Trespassing" signs shall be posted on or adjacent to fencing at such intervals that at least one sign is visible at any approach to the barrier for a minimum distance of 50 yards.

Fencing will contain designated areas shipping/receiving and delivery truck path. The two access points to the premises will be protected by a video intercom-monitored gate equipped with a card reader to allow authorized persons onto the property. Observations of unsecure factors shall be promptly reported and reports of inadequate perimeter security shall be immediately acted upon. SafeSourceHemp will also maintain the fencing to prevent unauthorized entry or access to waste disposal containers, or disposal areas outside the facility. No composting will be done outside of the facility.

Intrusion Detection System

SafeSourceHemp will install an adequate advanced security alarm system around the perimeter of the facility to prevent and detect theft of product or equipment. SafeSourceHemp's intrusion detection system consists of an exterior fence and interior contacts on all entry points to the building. Motion detectors will be used throughout the building along with a video surveillance system. These will work in tandem with perimeter motion detectors to identify unauthorized access to the facility. The fence detection system shall be configured to report alarms based on predefined zones corresponding to physical sections of the fence. These physical sections of fence will correlate to camera presets configured into the video surveillance system to provide automatic camera call-ups based on the fence zone alarms.

Protective Lighting System

SafeSourceHemp will ensure the outside perimeter of the facility is well-lit. A protective lighting system is essential to the security program, as it provides a means of continuing the same degree of protection and detection during the night as is available during the day, including high quality surveillance monitoring at night.

All light poles used to light the perimeter barriers and parking lot shall be located within the fence and at least eight feet from the barrier so as not to be readily accessible to damage or destruction. Cones of illumination from lamps shall be directed downward and away from the installation. Lamps will be mounted to provide a strip of light both inside and outside security fencing and parking lot. Beams shall overlap to provide coverage in case of bulb failure. A photoelectric beam will cover the exterior area between the production facility and any adjacent buildings. Additional lighting shall be provided at

points of entry and points of possible intrusion. Automatically controlled protective lighting shall be checked and inspected regularly for proper operation prior to darkness. Lower parts of buildings shall be finished or striped with light finishes to aid in security inspection of the installation.

The protective lighting system shall have a dependable auxiliary source of power that is independent of the power system. Parallel circuit wiring shall be used to prevent system failure in the event of bulb failure in any one fixture. Whenever practical, wiring shall be placed underground in tamper resistant conduits. If above ground, it should be high enough to reduce the possibility of tampering.

Adequate emergency lighting shall be provided for indoor evacuation routes and will go into operation automatically when needed. The protective lighting system shall be designed, and exact locations recorded, so that repairs can be made rapidly in an emergency. Switches and controls shall be properly located, waterproof and tamper resistant, readily accessible, centrally located and inaccessible from the outside the perimeter barrier.

Video Surveillance System

SafeSourceHemp will utilize a video surveillance recording system installed by Habitec Alarm Company that meets the standards required to prevent the theft of product or equipment. The alarms/events generated by the analytic cameras shall be programmed to alert the key employees on-site and security monitoring professionals at an off-site, UL Listed, monitoring station (Central Station) 24/7/365. If after hour alarms go off, the police and Habitec would respond as needed.

Camera Placement

Surveillance cameras will capture the entire facility, including direct placement near entrances, exits and parking areas, to capture a clear and certain identification of any person entering or exiting the facility, which shall be appropriate for the normal lighting conditions of the area under surveillance. Video cameras shall be directed at all approved safes, approved vaults, and will also monitor the entrance, exit and interior of all areas where hemp biomass or finished products are being stored or handled. SafeSourceHemp will notify visitors of video monitoring by placing notices on the public entrance.

Camera Specifications

All cameras installed will be day/night high resolution that provide an image resolution of at least D1 (IP - Internet Protocol), recorded at 30 images per second. A date and time stamp will be embedded on all recordings. The date and time shall be synchronized and set correctly and shall not significantly obscure the picture.

Cameras installed outdoors and in low-light interior areas shall be day/night cameras with a minimum resolution of 600 lines per inch (analog) or D1 and a minimum light factor requirement of 0.7 LUX. F Outdoor fixed dome network cameras with pan tilt zoom (PTZ) functionality will be installed on the exterior of the building and on perimeter fencing and shall be assisted by IR illumination lighting to increase picture clarity and brightness. Outdoor Day/Night PTZ cameras will be installed in all other areas of the facility. Cameras will be calibrated and focused to maximize the quality of the recorded image and installed in a manner that will prevent them from being readily obstructed, tampered with or disabled. Cameras will be monitored 24/7 by Habitec Security.

Monitoring

Surveillance feed will utilize an internet protocol (IP) camera system to traverse the IP network from the camera source to the server utilizing Motion JPEG (MJPEG) or MPEG-4/H.264/Advanced Video Coding codec technology. Data shall be transmitted over the Real-time Protocol (RTP) or Real Time Streaming Protocol (RTSP) to provide 24-hour live feed from all cameras with motion-activated recording capabilities. Monitoring of the video will be via one high definition 60" monitor which shall always remain connected to the electronic recording security system. Access to on-site surveillance recordings will be limited to key employees and Habitec Security.

Exportation of Video Files

All video recordings will be saved in an industry standard format that can be played on any standard computer operating system and will allow for the exporting of still images in an industry standard image format, including .jpg, .bmp, and .gif. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. All cameras will be capable of immediately producing a clear color still photo that is a minimum of 9600 dpi from any camera

image, live or recorded. All surveillance recordings will be stored for a minimum of 60 days.

If SafeSourceHemp is aware of a pending criminal, civil or administrative investigation or legal proceeding for which a recording may contain relevant information, SafeSourceHemp shall retain an unaltered copy of the recording until the investigation or proceeding is closed or the entity conducting the investigation or proceeding notifies SafeSourceHemp that it is not necessary to retain the recording. All recordings shall be erased or destroyed prior to disposal.

Failure Notification

The video surveillance system will provide an alert to the CEO and COO within the facility within five minutes of failure, either by telephone, email or text message. Habitec Security will repair or replace any failed component of the video surveillance recording system within twenty-four hours of failure. Backup primary equipment will be stocked to repair or replace any failed component of the video surveillance recording system.

Alarm Systems

All security systems will be installed and configured for onsite supervision by type 1 employees in the security/IT room. Security systems will also be monitored twenty-four hours per day by security monitoring professionals (Habitec Security) off-site at Central Station. SafeSourceHemp will have two methods of communication with Central Station, and will conduct a daily timer test to ensure communication devices are working. All alarms shall be transmitted via a private and secure connection.

Silent Alarm and Panic Alarm

Wireless and hard-wired silent alarm buttons, also known as a hold-up button, will be installed at the facility. The wireless hold-up button (WHB) is a portable key fob that can be activated by an employee onsite from anywhere in the building. The hardwired hold-up button (HHB) shall be located in the office. Hold-up alarms will automatically notify law enforcement as well as security monitoring professionals at Central Station. Card readers equipped with key pads will activate a separate panic alarm when a type 1 employee onsite manually enters a duress code. The panic alarm will generate an audible security alarm system signal in the event of a life-threatening situation or an emergency requiring law enforcement response. Panic alarms will activate an automatic voice dialer located in the security/IT room, which will send a prerecorded voice message, when activated, over a telephone line, radio or other

communication system to a law enforcement, public safety or emergency services agency requesting dispatch.

Fire and Smoke Detection

Fire and smoke detectors will be installed throughout the facility in all areas legally required and will be connected to the alarm system. The COO is responsible for assigning team members to frequently test and replace detectors as needed to ensure that they remain in proper working condition.

Communications

SafeSourceHemp will have two methods of communication with Central Station: primary communication via IP and cellular backup. For onsite communication, a video intercom system will be installed that consists of an IP Master Station in the office and cameras and voice intercoms at the gate entrance and all exterior doors.

Back-up Systems

All video surveillance and alarm systems will be connected to back-up power sources so that, in the event of a power outage, they will continue running for at least 48 hours. SafeSourceHemp will install a back-up alarm system that uses commercial grade equipment provided and monitored by a separate third-party security firm. The back-up alarm system shall detect unauthorized entry during times when no employees are present at the facility.

Access Control

SafeSourceHemp will install electronic card readers on all exterior and interior doors to control and track employee movement as well as prevent visitors from accessing unauthorized areas. Card readers are programmable to permit and deny access based on the person, the time of day, or the day of the week.

All areas used for storing finished product shall be kept securely locked and protected from unauthorized access. Door status is monitored at all entry points with mounted door contacts. Presentation of a valid credential to the card reader will momentarily unlock the door and allow ingress. Free egress is always allowed and, unless it is an emergency exit, no alarm event is generated when someone exits through a door; however, doors held open for an extended period of time generate a door propped alarm.

Access Cards

Each employee will be issued an access card that allows them to access the areas of the facility necessary to perform their work duties. Each access card will contain a photo of the employee. Only registered, authorized employees, owners and officers of SafeSourceHemp will be issued access cards. All persons to whom an access card has been issued shall be instructed in its proper use, including:

- Access cards must not be shared with any person, including other employees of SafeSourceHemp
- Access cards must not be left in lockers nor stored in a location accessible to persons other than registered, authorized employees

Misuse of an access card will result in disciplinary action, up to and including termination. Human Resources is responsible for the issuance and oversight of access cards, including recording and controlling accountability procedures. Lost or damaged access cards shall be invalidated and replaced with one bearing a different control number (or magnetic code) or one that is otherwise not identical to that one lost or damaged. A substantial monetary charge for reproduction of access cards lost or damaged will discourage negligence. The lost card will have its access code terminated.

Access Levels

SafeSourceHemp shall designate the level of access granted to an applicant for an employee ID card. SafeSourceHemp may choose to implement additional access restrictions, but at a minimum, the access levels shall be designated as follows:

- A type 1 designation is an owner, administrator, or individual who has control and management over the day-to-day activities that significantly impact SafeSourceHemp's operations. Type 1 access permits the cardholder to enter every area of the facility. Areas of the facility accessible only to type 1 employees will be colored red in future architectural drawings, and include the security/IT room and the vault. SafeSourceHemp may designate up to three type 1 cardholders as a key employee. The CEO and COO will be type 1 cardholders and a third may be designated at a later date, as appropriate. A key employee shall be responsible for all activities at the facility.

- A type 2 designation is a board member, officer, employee, or agent permitted to enter the production and non-production areas of the facility designated in the facility plans and specifications submitted by SafeSourceHemp. A type 2 cardholder shall not be permitted to access the areas containing vaults, security equipment and other equipment related to the facility's surveillance operations. Areas of the facility accessible to type 2 cardholders will be colored yellow in future renderings.

Security Equipment Storage

SafeSourceHemp will store all security system equipment and video surveillance systems in the locked security/IT room to prevent theft, loss, destruction or alterations. The security/IT room will be constructed with one-hour fire rated construction and will contain the following equipment: control panels, network DVR, power supply, enclosures, main network POE switch, burglar key pad, cellular backup, alarm panel and security monitor. Access to the security/IT room shall be a secured private location limited to type 1 key employees who are essential to surveillance operations and security system service employees.

Security Plan

SafeSourceHemp's security plan incorporates the use of commercial grade surveillance, intrusion detection and alarm equipment with personnel, policies and procedures designed to prevent unauthorized entry and activity in the facility.

The security program will be implemented without interfering with the orderly and efficient operation of the facility. SafeSourceHemp does not intend to create a prison-like atmosphere but rather to arrive at a workable security program that takes into account the needs and requirements of the operating staff, while adhering to good security practices.

The goals of SafeSourceHemp's Security Plan are as follows:

- To maintain a central console security station wherein all fire and security alarms monitoring systems report
- To establish a main access control point for all persons who ingress or egress the facility
- Utilize sensing and monitoring devices to assist in the control of movement in areas not under constant observation
- Identify all employees and visitors who enter the facility and control their movement while on site

Theft and Diversion

Employees will be trained to immediately report any irregularities found that might indicate loss, fraud, embezzlement or any other illegal action taken against SafeSourceHemp, its employees or its property. Suspecting or having actual knowledge of an irregularity and not reporting it may result in disciplinary action.

Package Inspections

Any person found removing or attempting to remove unauthorized industrial hemp or CBD products from the facility will be reported to law enforcement.

Diversion Inspection Procedure

If diversion or theft is suspected, the COO will initiate a diversion inspection by first using the electronic inventory tracking system (ITS) to retrace the time, location and handler of the item or items that are missing. The COO will then review video surveillance records and access card readers to identify

any irregularities in employee or CBD product flow during the time of the suspected diversion. If an employee is found responsible for an irregularity, disciplinary action will be taken against the employee. The employee will be re-trained if it is a minor irregularity.

Visitor Requirements

Outside of customers, all persons who are not employed by or contracted to work for SafeSourceHemp will be considered visitors. Visitors are required to:

- Sign the visitor log before obtaining a visitor badge
- Visibly display their visitor ID badge at all times while on the premises
- Be escorted and monitored by an assigned registered employee of the facility at all times the visitor is on the premises
- Return the visitor ID badge upon leaving the premises
- Sign out of the visitor log at the end of visit

Government Personnel

In the event of an emergency, law enforcement, emergency medical personnel, or other federal, state of Michigan, or local government officials may enter the facility if necessary to perform their official duties. If an emergency requires the presence of a visitor and makes it impractical to first obtain permission, as may be the case with first responders, the CEO or COO will be responsible for recording, after the onset of the emergency, the name and affiliation of the visitor and the purpose, date and time of the visit.

Identification and Control of Vehicles

Only authorized persons and vehicles are permitted within the fenced perimeter. The gate is access controlled with a card reader, key pad and intercom with video and voice capability, allowing employees of SafeSourceHemp to enter with their

access cards. All other vehicles shall be allowed to enter the front gate only after clearance from the Sales/Delivery Director or another authorized employee.

Information Security

SafeSourceHemp produces documents that contain private or sensitive information. To ensure they are secure, access to documents will be limited to employees who need access for work purposes. Documents saved in electronic format will be saved on the off-site data server, unless it is necessary that they be saved on the local facility server.

Non-Disclosure Agreements

All employees hired or contracted to work for SafeSourceHemp will be required to sign non-disclosure agreements. The non-disclosure agreements will detail what information is considered sensitive and private, as well as to whom information may and may not be disclosed.

Personal Password Security

All electronic devices will have passwords or access codes that protect the devices from unauthorized access. The passwords and codes will need to remain private to the specific user. Employees shall be instructed not to write or print passwords on paper or place them in an unencrypted file. Passwords should never be given out to anyone claiming to be from a computer company or vendor. When deciding on a password, an employee shall:

- Use a mixture of symbols, numbers, lower case letters, upper case letters, and punctuation
- Make it unrelated to any other password
- Make their password at least eight characters long
- Change their passwords every three to four months

Email

Employees will be instructed not to send sensitive or private information via email. All emails will contain a confidentiality notice and disclosure agreement at the bottom. If any private or sensitive information must be sent via email, it must be sent in an encrypted format.

Emergency Procedures

SafeSourceHemp's Emergency Action Plan (EAP) will be developed to mitigate injuries and structural damage in emergencies by organizing employee actions during emergencies in the workplace. In the event of an emergency, the EAP will invoke the Emergency Notification Procedures.

The Emergency Notification Procedures will be designed to immediately contact emergency personnel including local law enforcement, fire department, or emergency response professionals of any emergency that could affect the neighborhood or public, including fire, presence of contaminated materials, possible need for product recall, natural disaster, robbery, or any other emergency situation.

SafeSourceHemp has developed clear, well-defined policies and programs confronting the possible threat of fire or any other natural or man-made disaster. Fire safety and emergency planning are designed, first, to anticipate what might happen to endanger people or physical property, and to take the necessary preventive measures; and, second, to make provision—through appropriate equipment and/or personnel response – for prompt and effective action when an emergency does occur.

Emergency Notification Procedures

All emergency situations will be reported immediately to necessary parties. For all work-related illness or injuries, an internal report must be completed. Employees must immediately report any personal workplace injuries, dangers or threats to a type 1 employee who will investigate the situation and initiate the Emergency Notification Procedures when applicable. In the case of immediate emergency situations such as fire, robbery, or other immediate dangers, employees will first dial "911." All internal numbers used for reporting emergencies will be posted and easily visible near each phone. The panic alarm will be activated to notify employees of an emergency situation. Once employees are notified of an emergency, they will carefully follow procedures outlined in the EAP, including evacuation procedures when applicable.

Immediately following or, if possible, during an emergency situation, a designated staff member will notify local law enforcement of the details of the event. SafeSourceHemp will provide open and transparent documentation of the emergency situation, including any preventative measures that can assure

further occurrences are averted. After notifying local law enforcement, a type 1 employee will then contact any local government officials or community leaders and local businesses that could be affected by the emergency situation. An internal report and investigation will take place after notification to examine if the emergency could have been prevented and to take necessary measures to prevent further emergency situations when possible.

Fire Prevention and Protection

Since the danger of fire, with its common risk to life and property, affects every employee, the responsibility in the case of fire is a shared one. All staff will be educated in the basic principles of fire prevention and protection, to include operation of fire extinguishers, evacuation routes and procedures, and how to report a fire. Regular fire prevention inspection shall be made to detect fire hazards. Combustible materials shall be properly stored and safeguarded and smoking discipline properly enforced. A list of chemicals will be kept up to date and onsite for any emergency or inspection.

Evacuation Plans

Fire evacuation plans and routes shall be posted and fire drills conducted. When safe and practical, fire brigades may be composed of designated employees for response to fire pending arrival of professionals. Lag time between notification and arrival of fire fighting equipment shall be determined and evaluated. Contractual agreements may be made with adjacent municipalities, as necessary, to provide response by fire department personnel and equipment.

Fire and Emergency Equipment

Adequate fire fighting and first aid equipment will be available and strategically located within the facility, including an emergency response kit that includes:

- A log of all employees and their personal contact information

- Batteries
- Flash lights
- First-aid kit
- Additional healthcare items
- Any other items SafeSourceHemp deems necessary for an emergency or as directed by local fire authority having jurisdiction

Employees will be familiar with equipment and its location in their assigned area. Safety equipment shall be frequently inspected and tested to be in working order at all times. Fire extinguishers of proper types shall also be available and be inspected frequently by security personnel. Adequate fire barriers, fire doors and shutters shall be installed where needed. They must remain free of obstruction and in proper working order. Fire hydrants will be accessible and in working order.

Emergency Training

SafeSourceHemp understands that part of having a safe and secure facility is employing employees who can handle any situation presented. Emergency response training will teach employees when it is appropriate to evacuate and when other tactics should be employed. All employees will participate in annual simulated emergency and evacuation training during non-operational hours.

Fires

Fires may be caused by hazardous chemicals, electrical hazards, employees, or a natural occurrence, such as lightning. Different fires require different actions. All employees will know where all fire extinguishers and other tools for putting out fires are located. If a fire begins at SafeSourceHemp during business hours, the first employee who becomes aware of the fire should activate the alarm system. If the fire is of such a size that the employee can reasonably combat the fire with a fire extinguisher or other tool, then the employee should do so. If combating the fire would put the employee in danger, the employee should evacuate the area and leave the fire to be handled by the local fire department. Other employees who have been alerted of the fire through the activation of the alarm system will initiate the emergency action plan. Employees will escort visitors out of the facility via the approved evacuation routes.

SafeSourceHemp will conduct a random fire drill at least once per year to assess employees' responses to a fire emergency. Based on employee response to the drills, employees may be re-trained in the fire response plan. A physical copy of emergency exits and a formal fire response and evacuation plan will be on hand at the facility at all times. SafeSourceHemp will assure that the servicing, maintenance and testing of fire detection systems, including cleaning and necessary sensitivity adjustments, are performed by a trained person knowledgeable in the operations and functions of the system.

Chemical Spills

The OSHA Hazardous Materials course will introduce employees to chemical spill situations. When employees have completed this course, they will receive onsite training covering the location and storage of all tools that may be involved in a chemical spill cleanup, as well as the location of material data safety sheets and chemical spill-related contact information. Chemical spill training may be tested periodically. If an employee is deemed to possess inadequate knowledge, they may be required to retake the OSHA Hazardous Materials course.

Medical Emergencies

Type 1 employees will be required to take OSHA's Bloodborne Pathogens Exposure Control course and will be first aid and cardiopulmonary resuscitation (CPR) certified. They will then instruct employees about what should be done in each medical emergency and will know which emergency personnel to contact.

If any medical issues occur, the employees will assist the person needing attention and 911 will be called immediately. A written report will be done by the supervisor.

Any injury or accident is to be reported to the supervisor immediately after first aid is rendered. If necessary first-aid will be administered, 911 called and a full report completed by the supervisor.

Weather Related Incidents

Inclement Weather

If inclement weather is such that it would be unsafe for employees to travel to work, a type 1 key employee will advise all employees as soon as able to stay home. Full-time employees will be paid for the time that they were scheduled to work. If an individual employee is unable to make it into work because of the weather, they must alert their supervisor. No employee will be punished for being unable to get to work because of inclement weather, but eligible employees may apply sick leave or paid time off.

Severe Snowstorms

Severe snowstorms can be dangerous events with high winds, low temperatures, and heavy snowfall. In a severe snowstorm, the type 1 employee(s) onsite will determine when employees should be sent home and if the facility should shut down. If the facility remains open during a severe snowstorm, employees will be charged with the task of shoveling the walkways and putting down snowmelt. SafeSourceHemp will obtain a contract with a third-party for parking lot plowing services as necessary.

Flood

The facility may flood because of an internal water problem or because of a natural disaster. If an employee detects flooding, they will alert a type 1 employee. All employees shall be trained on the proper storage of hemp biomass and CBD finished products in the event of a flood.

Tornadoes

A tornado protection area will be identified within the facility. Employees will be trained on tornado preparation, including when to enter the protection area and how to determine whether it is safe to exit after the tornado has passed. Supervisor will be responsible to assist with any customers/visitors when a tornado warning is issued. A type 1 employee will take the visitors sign in and out book for verification that nobody is left behind.

Criminal Incidents

Armed robbery

Robbery is the unlawful taking of another's property using force or the threat of force. If an employee becomes aware of an armed robbery or an attempted armed robbery, they shall immediately hit the silent alarm and when possible call 911. After the event and as soon as possible the employee must alert a type 1 employee. Any employee who is not in the area of the armed robbery should quickly evacuate following the emergency action plan protocol. Employees should remember that the protection of employees and visitors is paramount in situations of armed robbery or attempted armed robbery. Employees should always concede to the demands of the perpetrator. They will be advised to be passive and attempt to get a physical identification of the subject(s) involved. Police will be notified immediately and if possible the silent alarm set off.

Invasion

SafeSourceHemp employees will follow armed robbery procedures in cases of invasion with an emphasis on protecting the safety of employees and visitors above all else. All employees will be instructed in basic self-defense training and will be encouraged to take additional self-defense classes that focus on risk mitigation.

Burglary

Burglary is unlawful entrance into a building or dwelling with the intent to commit a felony. As burglaries generally occur at night, all security guards will be trained to handle instances of burglary, including when and how to intervene and how to fully cooperate with law enforcement. If an employee sees that a door, window, burglary has taken place the employee is to leave the building as to not contaminate anything, call 911 and immediately contact type 1.

Workplace violence

SafeSourceHemp has a strict policy against workplace violence. Included in the definition of workplace violence are physical violence, threats of violence, intimidation, harassment, coercion, possession or inappropriate use of firearms or weapons, and any other actions that could be perceived by a reasonable person as violent. Workplace violence can occur on or off SafeSourceHemp's premises by an individual or group of individuals authorized to act in an official capacity for SafeSourceHemp. In some instances, workplace violence could be considered as such when directed against other company employees, contracted agents, family members of company employees, or property of SafeSourceHemp or its employees. Violations of this policy will result in disciplinary action up to and including termination and/or legal action, if necessary. Employees are required to report incidents of workplace violence. Reports can be made anonymously, and the privacy of the individual making the report will be maintained. If the perpetrator of workplace violence is an employee's direct supervisor, the employee should report the violence to a member of the executive team. Any retaliation in response to a report will not be tolerated and will result in immediate termination.

Sexual Harassment

SafeSourceHemp will have Zero Tolerance for sexual harassment. Employees will notify their supervisor and an investigation will be conducted and put in writing. The results could lead to a written reprimand up to being discharged.



The Financials

SECTION

06

Funding Analysis

The Company's executives are launching SafeSourceHemp because they recognize the wellness potential of CBD products and feel the responsibility to lead the way towards a cleaner and more environmentally friendly approach to manufacturing.

SafeSourceHemp is seeking a minimum of \$5 million of seed capital to meet and exceed estimated expenses related to bringing the processing facility and retail center online. Initial capital is being sought in order to engage a two tiered approach which will involve the processing and selling of CBD products alongside the production of raw materials derived from the hemp plant by-product that will be used in a number of industries.

It is anticipated that the persons or entities providing funding shall not have a financial interest in SafeSourceHemp nor shall they be owners, officers, Board Members, shareholders, employees or any other person that may significantly influence or control the activities of the company. The repayment terms of all secured funding will be at a fixed nominal interest rate of 15% unless otherwise negotiated with investors on an individual basis. Repayment is earmarked to begin six months after receipt of the initial outlay of funding.

Because of the executive team's collective business experience, the owners recognize that startup expenses may be higher than anticipated. Thus we are seeking investment capital in excess of the necessary reserves to ensure the solvency of our business and its capacity to meet all financial obligations during its initial start-up phase.

SafeSourceHemp's anticipated time line includes an eight-month build-out phase which will occur concurrently with initial crop planting and the launch of our new website. The necessary grow and processing licenses have been applied for and will be secured in line with the time frame allocated in our business plan. Cultivation is projected to begin in May with the first harvest occurring in the eighth or ninth month of operations.

The Company anticipates recognizing a positive cash flow through the launch of our eCommerce enabled website mid-year. The funding sources identified above will cover all costs incurred during these startup phases, independent of projected revenue. Several necessary steps have already been completed, including property identification and purchase options, floor plans and initial conversations with an architectural firm. Once SafeSourceHemp receives funding, the real estate agreements will be executed and architectural renderings and security overlays will be finalized so that the defined build-out can begin immediately.

Start-Up Summary

The business will be fully funded with \$15 million. This will include total capital cost of over \$6.23 million, utilized to purchase land, existing facilities and all necessary build-out for processing, manufacturing and retail.

Table 1 - Start-Up Expenses (\$)	Q1	Q2	Q3	Q4
CAPEX (property & building)				
1300 Wood St Property and Facility (OZ 26115831800)	0	350,000	0	0
6923 Summerfield Rd Property and Facility	0	1,800,000	0	0
Crop Seed Expenditure	40,000	0	0	0
CAPEX (build-out)				
1300 Wood St Build Out (OZ 26115831800)	0	0	500,000	350,000
Decortication Equipment for 1300 Wood St (OZ 26115831800)	0	0	800,000	800,000
Hemp Drying System for 1300 Wood St (OZ 26115831800)	0	0	125,000	125,000
6923 Summerfield Rd Build Out	0	0	255,000	0
Processing Equipment	0	0	212,500	212,500
Lab, Manufacturing, Packing and Storage Equipment	0	0	164,050	164,050
Commercial Kitchen	0	0	55,250	55,250
Alarm & Security System and Monitoring	0	0	71,400	0
Forklift	0	0	25,000	0
CAPEX (retail)				
Space Improvements Including Finishing, Painting, Kitchen, Office Space and Bathrooms	0	50,000	0	0
Security System with Multiple Camera Feeds	0	18,000	0	0
Furniture, Display Counters, Refrigerators, Freezers, Registers, etc.	0	17,000	0	0
Cost for Computer Software (Accounting Software, Payroll Software, CRM Software, Microsoft Office)	0	5,000	0	0
Office Space Renovations and Furniture	0	35,000	0	0
TOTAL	40,000	2,275,000	2,208,200	1,706,800
OPEX				
COGS - Cost of Goods Sold	0	255,832	732,934	905,835
G&A Expenses - Initial & General Costs	15,000	148,100	132,000	132,000
G&A Expenses - Cultivation	15,100	41,700	34,500	34,500
G&A Expenses - Extraction/Manufacturing	0	36,875	36,875	36,875
G&A Expenses - Retail	0	5,550	9,633	10,941
SG&A Expenses - Marketing & Sales Expenses	0	143,886	175,414	188,026
Salaries & Benefits	0	17,198	51,593	65,351
SG&A Expenses - Misc.	941	9,500	8,801	8,801
TOTAL	31,041	658,641	1,181,749	1,382,328
TOTAL	71,041	2,933,641	3,389,949	3,089,128

Profit & Loss Statement

	2020	2021	2022	2023	2024	2025	2026
\$	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Revenue	2,160,440	23,330,993	41,162,942	42,227,292	42,227,292	42,227,292	42,227,292
COGS - Cost of Goods Sold	1,894,638	9,374,380	15,489,153	16,056,818	16,062,870	16,068,921	16,074,972
Gross Profit	265,803	13,956,613	25,673,789	26,170,473	26,164,422	26,158,371	26,152,319
% of revenue	12%	60%	62%	62%	62%	62%	62%
SG&A Expenses							
G&A Expenses - Initial & General Costs	427,100	356,082	363,064	370,046	377,028	384,010	390,992
G&A Expenses - Cultivation	125,800	171,600	205,200	260,400	358,800	370,800	382,800
G&A Expenses - Extraction/ Manufacturing	110,625	150,450	153,400	156,350	159,300	162,250	165,200
G&A Expenses - Retail	26,123	68,966	95,702	98,211	98,877	99,543	100,209
"SG&A Expenses - Marketing & Sales Expenses"	507,326	830,294	752,975	672,055	619,935	631,415	609,296
Senior Management Salaries & Benefits	0	841,990	858,499	875,009	891,518	908,028	924,538
IT Salaries & Benefits	52,166	91,216	93,004	94,793	96,581	98,370	100,158
Other Salaries & Benefits	81,975	175,415	178,854	182,294	185,733	189,173	192,612
SG&A Expenses - Misc.	28,006	31,360	30,074	29,328	30,742	31,472	31,194
Total SG&A Expenses	1,359,120	2,717,372	2,730,772	2,738,485	2,818,515	2,875,061	2,896,999
Operating Income (EBITDA)	-1,093,317	11,239,241	22,943,018	23,431,988	23,345,907	23,283,310	23,255,321
% of revenue	-51%	48%	56%	55%	55%	55%	55%
Depreciation and Amortization	168,763	368,888	368,888	368,888	368,888	368,888	368,888
Earnings Before Interest & Taxes (EBIT)	-1,262,081	10,870,353	22,574,129	23,063,100	22,977,019	22,914,421	22,886,432
Interest Expense	-2,300,340	-2,712,584	-2,184,118	-1,465,543	0	0	0
Earnings Before Taxes (EBT)	-3,562,421	8,157,768	20,390,012	21,597,557	22,977,019	22,914,421	22,886,432
Income Tax	0	1,194,790	5,301,403	5,615,365	5,974,025	5,957,750	5,950,472
Net Income	-3,562,421	6,962,978	15,088,609	15,982,192	17,002,994	16,956,672	16,935,960
% of revenue	-165%	30%	37%	38%	40%	40%	40%

Cash Flow Statement

	2020	2021	2022	2023	2024	2025	2026
\$	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Net Income	-3,562,421	6,962,978	15,088,609	15,982,192	17,002,994	16,956,672	16,935,960
Cash Flow from Operations							
Depreciation	168,763	368,888	368,888	368,888	368,888	368,888	368,888
Change in Receivables	-629,851	-2,260,607	-628,483	0	0	0	0
Change in Inventory	-378,067	-931,724	-351,237	0	0	0	0
Change in Accounts Payable	607,320	1,437,470	537,388	708	708	708	708
Total Cash Flow from Operations	-3,794,255	5,577,005	15,015,166	16,351,789	17,372,590	17,326,268	17,305,556
Cash Flow from Investing							
Capital Expenditures (CAPX)	-6,230,000	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Total Cash Flow from Investing	-6,230,000	0	0	0	0	0	0
Cash Flow from Financing							
Revolver Issuance / (Repayment)	20,000,000	0	0	0	0	0	0
Long-Term Debt Issuance / (Repayment)	-2,500,000	-6,000,000	-6,000,000	-5,500,000	0	0	0
Paid in Capital	20,000	0	0	0	0	0	0
Drawings (profit share)	0	0	0	0	0	0	0
Total Cash Flow from Financing	17,520,000	-6,000,000	-6,000,000	-5,500,000	0	0	0
Total Change in Cash	7,495,745	-422,995	9,015,166	10,851,789	17,372,590	17,326,268	17,305,556
Beginning Period Cash	0	7,495,745	7,072,750	16,087,916	26,939,704	44,312,295	61,638,563
Ending Period Cash	7,495,745	7,072,750	16,087,916	26,939,704	44,312,295	61,638,563	78,944,119

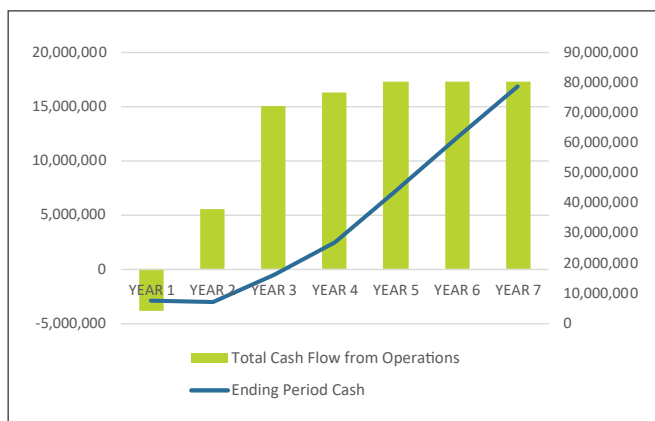


Figure 42 - Cash Flow Forecast

Balance Sheet

	2020	2021	2022	2023	2024	2025	2026
\$	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7
Assets							
Current Assets							
Cash	7,495,745	7,072,750	16,087,916	26,939,704	44,312,295	61,638,563	78,944,119
Receivables	629,851	2,890,458	3,518,941	3,518,941	3,518,941	3,518,941	3,518,941
Inventory	378,067	1,309,791	1,661,028	1,661,028	1,661,028	1,661,028	1,661,028
Total Current Assets	8,503,663	11,272,999	21,267,884	32,119,673	49,492,263	66,818,531	84,124,088
Long Term Assets							
Property Plant & Equipment (PPE), gross	6,230,000	6,230,000	6,230,000	6,230,000	6,230,000	6,230,000	6,230,000
Accumulated Depreciation of PPE	-168,763	-537,652	-906,540	-1,275,429	-1,644,317	-2,013,206	-2,382,094
PP&E, net	6,061,237	5,692,348	5,323,460	4,954,571	4,585,683	4,216,794	3,847,906
Total Assets	14,564,899	16,965,347	26,591,344	37,074,244	54,077,946	71,035,326	87,971,994
Liabilities							
Current Liabilities							
Accounts Payable	607,320	2,044,790	2,582,178	2,582,886	2,583,594	2,584,302	2,585,010
Total Current Liabilities	607,320	2,044,790	2,582,178	2,582,886	2,583,594	2,584,302	2,585,010
Long Term Liabilities	17,500,000	11,500,000	5,500,000	0	0	0	0
Total Liabilities	18,107,320	13,544,790	8,082,178	2,582,886	2,583,594	2,584,302	2,585,010
Equity							
Paid-in Capital/Drawings	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Retained Earnings	-3,562,421	3,400,557	18,489,166	34,471,358	51,474,352	68,431,024	85,366,984
Current Period Retained Earnings	-3,542,421	3,420,557	18,509,166	34,491,358	51,494,352	68,451,024	85,386,984
Total Equity	-3,542,421	3,420,557	18,509,166	34,491,358	51,494,352	68,451,024	85,386,984
Total Liabilities and Equity	14,564,899	16,965,347	26,591,344	37,074,244	54,077,946	71,035,326	87,971,994



SafeSourceHemp